SECTION

1

Alberta Ministry of Health and Wellness

Annual Report 2000/2001

Section I

Alberta
HEALTH AND WELLNESS

For further information

For additional copies of this document or Section II, or further information about Alberta Health and Wellness, contact:

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You can find this document on Alberta Health and Wellness' Internet web site—http://www.health.gov.ab.ca

For research or technical inquiries on the performance measures and statistical data in the "Results Analysis" section, contact:

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Public Accounts 2000/2001

Preface

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Government Accountability Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 18 Ministries.

The annual report of the Government of Alberta released June 2001 contains the Minister of Finance's accountability statement, the consolidated financial statements of the Province and a comparison of the actual performance results to desired results set out in the government's business plan, including the *Measuring Up* report.

On March 15, 2001, the government announced new ministry structures. Since the 2000/2001 fiscal year was substantially completed prior to this announcement, ministry annual reports and financial statements have been prepared as if the restructuring took place on April 1, 2001, to provide proper accountability for the 2000/2001 fiscal year against the original business plan.

This annual report of the Ministry of Alberta Health and Wellness contains the Minister's accountability statement, the audited consolidated financial statements of the Ministry and a comparison of actual performance results to desired results set out in the ministry business plan. This Ministry annual report also includes:

- **the financial statements of entities making up the Ministry including the provincial agencies for which the Minister is responsible, and**
- **other financial information as required by the *Financial Administration Act* and *Government Accountability Act*, either as separate reports or as a part of the financial statements, to the extent that the Ministry has anything to report.**

Financial information relating to regional health authorities and provincial health boards is also included in this annual report as supplementary information. Section II of this report provides financial statements of the regional health authorities and provincial health boards, where available, which are accountable to the Minister of Health and Wellness.

Government of Alberta

2001 IPAC
Gold Award
for Innovative
Management

The Alberta Public Service has been awarded the Gold IPAC Award for Innovative Management for its Corporate Human Resource Development Strategy, an innovative approach to meeting the human resource needs of the Alberta government. It is a long-term commitment to learning, leadership and the promotion of the Alberta public service as an attractive employer.

IPAC is short for the Institute of Public Administration of Canada.

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Section II

Section II of this report is published under separate cover. It provides the financial statements of the regional health authorities and provincial health boards. To obtain financial statements of individual regional health authorities and provincial health boards, please consult the list on the following page.

Contact list:

Financial Information for Regional Health Authorities and Provincial Health Boards

For further financial information regarding the regional health authorities or provincial health boards, please contact:

1.	**Chinook Regional Health Authority**	**(403) 382-6019**
2.	**Palliser Health Authority**	**(403) 529-8058**
3.	**Headwaters Health Authority**	**(403) 601-8330**
4.	**Calgary Health Region**	**(403) 541-3677**
5.	**Regional Health Authority 5**	**(403) 823-5245**
6.	**David Thompson Regional Health Authority**	**(403) 341-8622**
7.	**East Central Health Authority**	**(403) 608-8820**
8.	**WestView Regional Health Authority**	**(780) 968-3221**
9.	**Crossroads Regional Health Authority**	**(780) 352-3766**
10.	**Capital Health Authority**	**(780) 407-1010**
11.	**Aspen Regional Health Authority #11**	**(780) 349-8705**
12.	**Lakeland Regional Health Authority**	**(780) 656-2030** **1-800-815-8683**
13.	**Mistahia Regional Health Authority**	**1-800-732-8981**
14.	**Peace Regional Health Authority**	**(780) 618-4500**
15.	**Keeweetinok Lakes Regional Health Authority 15**	**(780) 523-6641**
16.	**Northern Lights Regional Health Authority**	**(780) 791-6018**
17.	**Northwestern Regional Health Authority**	**(780) 926-4388**
18.	**Alberta Mental Health Board**	**(780) 422-2233**
19.	**Alberta Cancer Board**	**(780) 412-6328**

Minister's Accountability Statement

The Ministry's Annual Report for the year ended March 31, 2001 was prepared under my direction in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as at September 5, 2001, with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

Gary G. Mar

Gary G. Mar, Q.C.
Minister of Health and Wellness

Minister's Message

The past year was both eventful and rewarding. In my first year as Minister of Health and Wellness, I was continually impressed by the dedication, professionalism and compassion of Alberta's health professionals and managers in their efforts to meet health needs. The theme for 2000/2001 was continuous improvement as we worked to strengthen our existing foundation of care, and address specific pressures to position our health system for quality and sustainability.

Health service delivery starts with the trained professional. With Alberta Learning, we created hundreds of new training spaces in the health disciplines. The commitment to the new Rural Family Medicine Program and International Medical Graduate Program will attract doctors to rural Alberta, and help foreign-trained physicians qualify to practice here. Our new agreement with the Alberta Medical Association makes Alberta the province of choice for medical doctors. Health authorities reached a similarly beneficial agreement with registered nurses.

We expanded the toolbox of care our professionals use. New, targeted funding reduced wait times for cardiac surgery and kidney dialysis. We added 24 new medicines to the drug benefit list and immunized more than 300,000 young people in Calgary and Edmonton against meningitis. Under the Aboriginal Health Strategy, we introduced nine new community-based projects. With an eye to the future, the Health Innovation Fund approved 15 new projects, bringing the total to 48, and we almost doubled our funding for health services research to $23 million over five years.

Programs need equipment and facilities. To meet the needs of an aging population, and in collaboration with Alberta Infrastructure, almost $260 million was committed for new and replacement beds for long term care. Seven new MRI machines bought in 2000/2001 will reduce wait times and help us reach a target of 24 MRI scans per thousand population, the highest rate in the country. We also made a commitment to open two centres of excellence that will build on Alberta's leadership in cardiac and bone-and-joint care. The centres will open in 2005, Alberta's centennial year.

To support these advances, government spending on Albertans' health rose in 2000/2001 to $5.956 billion, an increase of $470.5 million over the previous year. It was an investment in Albertans' priorities and healthy future.

Most rewarding are the results. The number of Albertans who rated the health system as good or excellent was 68 per cent in 2001, up from 63 per cent the year before. Eighty-six per cent of Albertans rated the quality of care they received personally as good or excellent.

The first full year of the 21st century set a tone of commitment and progress for Alberta's health system. I look forward to continue working with all our health partners, especially the new regional health authority boards to be elected and appointed in the fall of 2001, to make Alberta's health system the best in the country, and sustainable into the future.

Gary G. Mar

Gary G. Mar, Q.C.
Minister of Health and Wellness
M.L.A. Calgary-Nose Creek

Management's Responsibility for Reporting

In 2000/2001, the Ministry of Health and Wellness includes the Department of Health and Wellness, the Alberta Alcohol and Drug Abuse Commission, the Persons with Developmental Disabilities Boards (PDD), the Premier's Council on the Status of Persons with Disabilities, the Health Facilities Review Committee and the Mental Health Patient Advocate Office. Effective April 1, 2001, the Premier's Council and PDD joined the Ministry of Community Development.

The executives of the individual entities within the ministry have the primary responsibility and accountability for the respective entities. Collectively, we ensure the ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and business plans, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the consolidated financial statements and performance results for the ministry rests with the Minister of Health and Wellness. Under the direction of the Minister, I oversee the preparation of the ministry's annual report, including consolidated financial statements and performance results. The consolidated financial statements and the performance results, of necessity, include amounts that are based on estimates and judgements. The consolidated financial statements are prepared in accordance with the government's stated accounting policies.

As Deputy Minister, in addition to program responsibilities, I establish and maintain the ministry's financial administration and reporting functions. The ministry maintains systems of financial management and internal control, which give consideration to costs, benefits, and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money,
- provide information to manage and report on performance,
- safeguard the assets and properties of the Province under ministry administration,
- provide Executive Council, Treasury Board and the Minister of Finance any information needed to fulfil their responsibilities, and
- facilitate preparation of ministry business plans and annual reports required under the *Government Accountability Act*.

In fulfilling my responsibilities for the ministry, I have relied, as necessary, on the executives of the individual entities within the ministry.

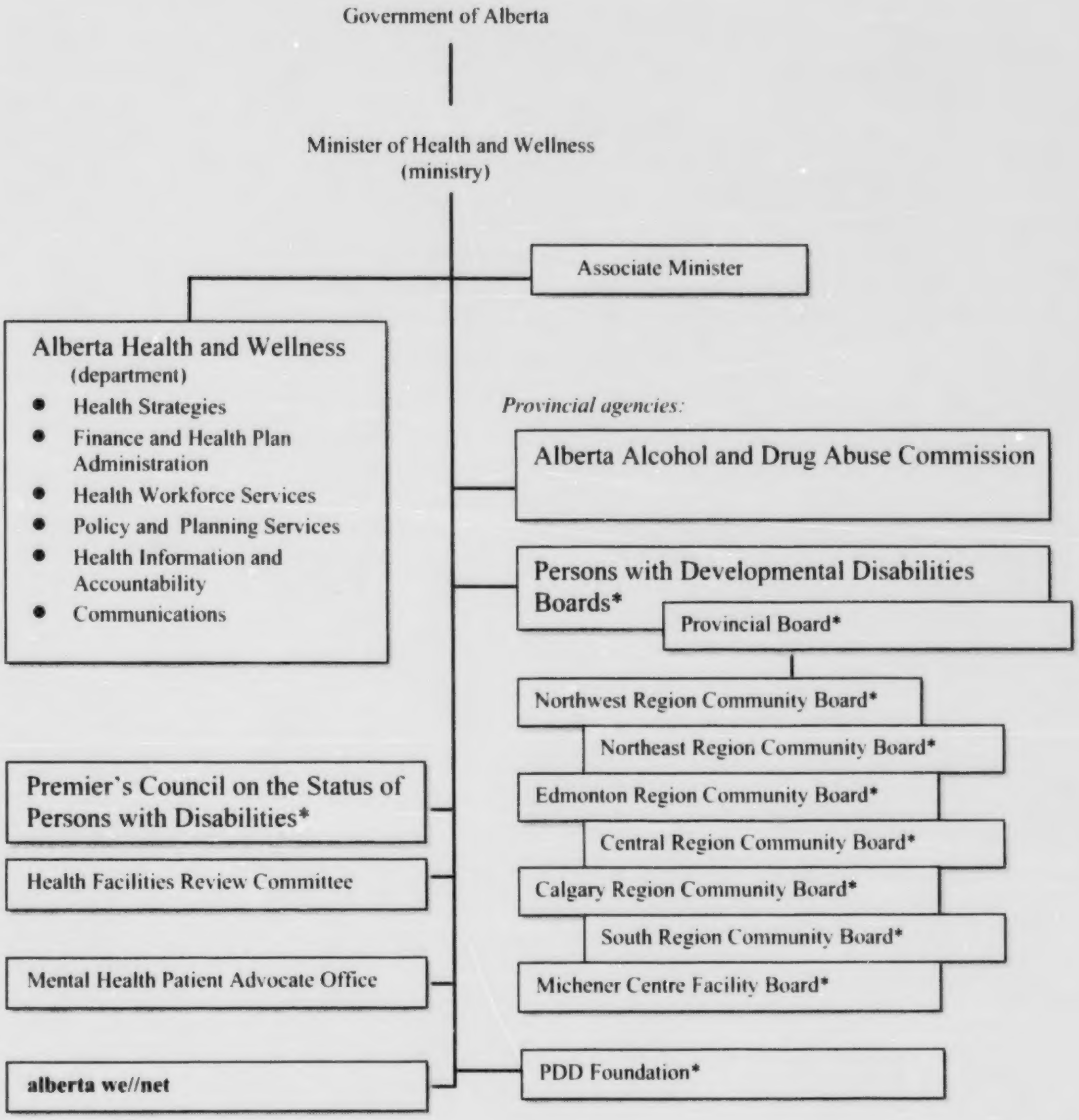
Shelley Ewart-Johnson

Shelley Ewart-Johnson
Deputy Minister
Ministry of Health and Wellness

Overview

Ministry of Health and Wellness Organization

(April, 2000 to March, 2001)


Government of Alberta
Minister of Health and Wellness
(ministry)
Associate Minister
Alberta Health and Wellness
(department)
Health Strategies
Finance and Health Plan Administration
Health Workforce Services
Policy and Planning Services
Health Information and Accountability
Communications
Provincial agencies:
Alberta Alcohol and Drug Abuse Commission
Persons with Developmental Disabilities Boards*
Provincial Board*
Northwest Region Community Board*
Northeast Region Community Board*
Edmonton Region Community Board*
Central Region Community Board*
Calgary Region Community Board*
South Region Community Board*
Michener Centre Facility Board*
Premier's Council on the Status of Persons with Disabilities*
Health Facilities Review Committee
Mental Health Patient Advocate Office
alberta we//net
PDD Foundation*

* Transferred to the Ministry of Community Development, effective April 1, 2001.

Ministry Contacts

Minister of Health and Wellness, Gary G. Mar	telephone: (780) 427-3665; fax: (780) 415-0961 Responsible for ensuring that health services in the province are properly conducted in the public interest. Ultimately responsible for the overall quality of health services in Alberta and responsible for reporting to the Legislature on the health of Albertans.
Deputy Minister of Health and Wellness, Shelley Ewart-Johnson	telephone: (780) 422-0747; fax: (780) 427-1016 Assists the Minister of Health and Wellness in discharging the responsibilities conferred on him by the Legislature and supports the Minister in all of his duties. Responsible for administrative management of the ministry, including alberta we//net.
Population Health Assistant Deputy Minister, Art McIntyre	telephone: (780) 427-8596; fax: (780) 422-3671 Provides leadership in health surveillance, disease control and prevention, and population health strategy development. Facilitates coordinated approaches to improving health and medical care, and develops policies and strategies for publicly funded drug programs.
Finance and Corporate Services Assistant Deputy Minister, Bruce Perry	telephone: (780) 422-8437; fax: (780) 422-3672 Provides leadership on internal and external funding allocations, financial accountability, and fiscal planning and governance to support and sustain public health care; conducts analytical studies and liaises with the Auditor General on fiscal reporting; financially manages Alberta Health and Wellness resources, and advises on legal issues and capital planning.
Health Workforce Assistant Deputy Minister, Wendy Hassen	telephone: (780) 427-3274; fax: (780) 415-8455 In collaboration with regional health authorities, physician and other professional associations, health workplace stakeholders, and other partners, ensures the provision of high quality and integrated physician services and works to enhance the quality and effectiveness of the health care workforce.
Strategic Planning Assistant Deputy Minister, Wayne McKendrick	telephone: (780) 415-0571; fax: (780) 415-0570 Develops health system policy, ministry business plan and requirements for health authority business plans. Works with federal/provincial/territorial health departments, engages in strategic and organizational planning, and co-ordinates the management of issues in the health system.
Health Accountability Assistant Deputy Minister, Alex Stewart	telephone: (780) 427-5280; fax: (780) 422-5176 Leads and supports the health system to continuously evaluate and improve its performance and the health of Albertans by: developing expectations; measuring, monitoring, analyzing, and reporting on system performance; promoting knowledge-based decision making; managing information and technology resources, and co-ordinating health research programs.

Note: the structure of the Ministry was adjusted effective April 1, 2001 and so differs from the organizational chart on the preceding page which was in effect during the reporting period.

Program Services **Assistant Deputy Minister,** **Janet Skinner**	telephone: (780) 415-1599; fax: (780) 422-0102 Registers residents, practitioners, facilities and other stakeholders, provides information and customer services, bills and collects premiums, administers the practitioners and out-of-province hospitalization fee-for-service benefit programs, monitors and reports on billing patterns, and administers the Alberta Aids to Daily Living and the Emergency Health Service air and ground ambulance services programs.
Communications **Director,** **Carol Chawrun**	telephone: (780) 427-7164; fax: (780) 427-1171 Provides support and advice to Alberta Health and Wellness and the Minister to improve communication with Albertans; coordinates ministerial correspondence, media relations, the production and distribution of publications, and the department Internet site.
Alberta Alcohol and **Drug Abuse Commission** **Chair,** **LeRoy Johnson, MLA** **Wetaskiwin-Camrose**	telephone: (780) 427-2837; fax: (780) 423-1419 Provides or funds a range of alcohol, other drug and gambling problem treatment, prevention and information services for adults and youth. Services are provided through a network of offices and associated agencies across the province and include community outpatient counselling and prevention, crisis services, residential treatment, and research, information and monitoring services.
Persons with **Developmental Disabilities** **(PDD) Provincial Board** **Chair,** **Alan Anderton**	telephone: (780) 427-1177; fax: (780) 427-1220 Provides and/or funds a range of direct services and advocacy services to further the inclusion of adults with developmental disabilities in community life. Provides direction and coordination with community boards of Northeast Alberta, Northwest Alberta, Edmonton, Calgary, Central Alberta, South Alberta, the Michener Centre Facility Board and the PDD Foundation Board.
Premier's Council on the Status **of Persons with Disabilities** **Chair,** **Rob Lougheed, MLA** **Clover Bar-Fort Saskatchewan**	telephone: (780) 422-1095; fax: (780) 422-9691 Champions significant improvements in the status of Albertans with disabilities through input to policy development, advocacy to inform and influence key decision-makers, and evaluation to monitor performance and recommend improvements to the support system for Albertans with disabilities.
Health Facilities **Review Committee** **Chair,** **Bob Maskell, MLA** **Meadowlark -Edmonton**	telephone: (780) 415-9581; fax: (780) 415-0951 Monitors the quality of care, treatment and standards of accommodation provided to patients and residents in hospitals and continuing care centres. Receives and investigates complaints.
Mental Health **Patient Advocate Office** **Advocate,** **Dr. Mervyn Hislop**	telephone: (780) 422-1812; fax: (780) 422-0695 Assists patients in designated mental health facilities to understand and exercise their rights; investigates complaints relating to certified patients involuntarily detained under the *Mental Health Act*. Monitors statutory and regulatory changes relating to psychiatric services and recommends improvements regarding systemic problems, administrative policies and mental health legislation.

Vision

The Alberta government's vision for the province is
"A vibrant and prosperous province where Albertans enjoy a superior quality of life and are confident about the future for themselves and their children".

This broader vision is reflected in the slogan: "Healthy Albertans in a healthy Alberta."

In this context, the vision of Alberta Health and Wellness is
"Citizens of a healthy Alberta achieve optimal health and well-being".

In acknowledgement that the determinants of the health and well-being of a population include factors such as education, employment, income and the environment, this vision is comprised of two distinct but interwoven dimensions:

- Albertans are able and encouraged to realize their full health potential in a safe environment, with adequate income, housing, nutrition and education, and to play a valued role in family, work and their community, and
- Albertans have equitable access to affordable and appropriate health and wellness services of high quality.

The achievement of this vision requires individuals to take responsibility for health in their communities, in collaboration not only with the Ministry and providers of health services, but with a wide variety of parties including other Ministries, other levels of government and the private sector.

Mission and Core Businesses

Within the context of the Government's Business Plan and the vision for health, the mission of the Ministry is…
"…to maintain and improve the health of Albertans by leading and working collaboratively with citizens and stakeholders".

To achieve our mission, the Ministry engages in two core businesses:

- Lead and support a system for the delivery of quality health services, and
- Encourage and support healthy living.

Highlights for 2000/2001

The beginning of the new century brought opportunities to build on previous groundwork and move forward with new innovations. In 2000/2001, Alberta Health and Wellness focused its attention on meeting its goals in ways that ensure quality improvement, accountability and sustainability.

Leading public health care into the new century

Alberta Health and Wellness protected and sustained public health care through balanced attention to illness and wellness.

Alberta Health and Wellness progressed on its efforts to protect and sustain public health care during 2000/2001. Key actions represented a balance between services aimed at diagnosing and treating illness, and initiatives aimed at promoting wellness and preventing injury and disease. Projects also targeted improving the health system and Ministry effectiveness. All were focused on optimizing the health and well-being of Albertans.

Accessible, quality care

Front-line staff will increase by 2,400 and initiatives got under way to attract and retain physicians and nurses.

In 2000/2001, Alberta Health and Wellness – with its many partners – took significant actions and initiatives to sustain and improve accessible, effective, quality health services.

- Increased funding enables regional health authorities to add up to 2,400 nurses and other front-line staff over the next three years.
- Implementation began on strategies to enhance long-term care, contained in *Strategic Directions and Future Actions: Healthy Aging and Continuing Care in Alberta.*
- A number of programs and initiatives were undertaken to attract and keep physicians in Alberta, including signing a two-year compensation agreement, and announcing rural and international medical graduate training programs.
- Recruitment and retention within the nursing sector was boosted through continuing education and professional development initiatives identified in a worklife study.
- New funding targeted province-wide or essential services to dramatically reduce waiting times for diagnosis and treatment. The additional funding addressed such areas as open heart surgeries, joint replacements, MRIs and breast and prostate cancer treatment.
- Nine new Aboriginal community-based projects under the Aboriginal Health Strategy addressing health issues such as diabetes, tuberculosis, injury prevention, mental health and access to services.
- Health research capacity was expanded with a renewed Health Research Collaboration Agreement with Alberta Heritage Foundation for Medical Research in which funding almost doubled to $23 million.

- Significant advancement was made in ensuring information and care is accessible throughout the province through **alberta we//net** and Telehealth. **alberta we//net** progressed on development of its cornerstone province-wide pharmaceutical information network. All 15 rural regional health authorities and the Alberta Mental Health Board gained access to Telehealth.
- Support was provided to the government in prohibiting two-tiered health care, while permitting health authorities to contract for insured surgical services through the *Health Care Protection Act.*
- Key learnings from 27 primary health care projects were shared through a provincial conference, reports and other vehicles.
- Reasonable access to and appropriate use of prescribed drugs was ensured by adding 24 new medicines to the drug benefit list and implementing the Alberta Prescription Checkpoint Program.

Measures and results

- Albertans' ratings of ease of access to health services were unchanged in 2001.
- 86 per cent of Albertans considered the quality of care received to be 'good' or 'excellent'– near the 90 per cent target.

Measure	**1997**	**1998**	**1999**	**2000**	**2001**	**Target 2003**
Quality of care personally received (% responding *good* or *excellent*)	86	86	78	86	86	**90**

- While waiting lists for heart surgery declined slightly in the past two years, the number of people waiting for joint replacement surgery increased. Waiting lists for MRIs decreased significantly during 2000/2001.
- The per cent of in-patient hospital days that could have been provided in an alternative setting has increased in recent years.

Protection, promotion and prevention

Immunization programs protected record numbers against meningococcal disease, while strategies resulted in lower rates for tuberculosis.

Significant advances were made to improve the health and well-being of Albertans during 2000/2001.

- Immunization programs with Calgary and Capital Health Authorities protected more than 300,000 young Albertans against meningococcal disease.
- Improved information systems were developed to support screening programs for selected newborn metabolic disorders.
- Alberta achieved one of its lowest rates ever for tuberculosis through ongoing monitoring, treatment and prevention strategies.
- National and provincial planning took place in the event of an influenza pandemic.

- Alberta Health and Wellness led and participated in a number of environmental assessments and programs throughout the province to identify and address potential human health concerns.
- Improvements for persons with developmental disabilities continued to be supported, through reviews of the *Building Better Bridges* report and increased funding for service providers. Alberta Health and Wellness also coordinated a forum to examine the needs of adults with acquired brain injury.
- Alberta Health and Wellness participated in many projects to enhance the health of children and youth, including the Ever Active School Program and the Alberta Children's Initiative.
- The department helped to establish an integrated community HIV fund.

Measures and results

- The per cent of newborns with low birth weight has not changed significantly and, at 6.1 per cent, remains above the target of 5.5 per cent.
- Injury mortality rates lowered slightly to 48 per 100,000 population, while suicide rates (15 per 100,000 population) have changed very little since 1997.
- Breast cancer screening rates, although slightly improved, continue to be below target.

Reported Use of Medical Screening Tests for Breast Cancer	**1994/95**	**1996/97**	**1998/99**	**Target 2002/2003**
Mammography, last 2 years (% women age 50–69)	71	64	69	75

Health system and Ministry effectiveness

Alberta Health and Wellness led and participated in many projects to support a system for health and to optimize departmental effectiveness.

Consistent reporting means information can be better exchanged provincially and nationally.

- Albertans had access to information about health and the health system to support them in taking responsibility for their health and use of health services. Communication initiatives included *Health Trends in Alberta: A Working Document* about the health status of Albertans, *Alberta's Health System: Some Performance Measures* and results of the annual *Alberta Health Survey Report.*
- Alberta Health and Wellness developed consistent reporting methods for a variety of data so information can be better exchanged provincially and nationally.
- The department supported public-private partnerships to increase availability of long-term care.

- Alberta Health and Wellness employees joined inter-governmental projects, such as the new Alberta Corporate Services Centre, that offer efficiencies and standards for all departments.

Measures and results

- Self-reported knowledge about available health services increased in 2001, but remains below target at 66 per cent compared to the desired 75 per cent.
- Overall public ratings of the health system have improved in recent years, with 68 per cent responding "good" or "excellent" in 2001.
- 70 per cent of stakeholders rate the Ministry's effectiveness and performance as "good" or better.

Financial results and funding priorities

Additional funding targeted waiting times, facilities and equipment, and health care professionals.

Government continued to target additional funding to ensure the health needs of Albertans were met. The Ministry expended $5.956 billion in 2000/2001. Eighty five per cent of health spending is for the health services provided by the health authorities, by physicians and other health practitioners and for drug benefits.

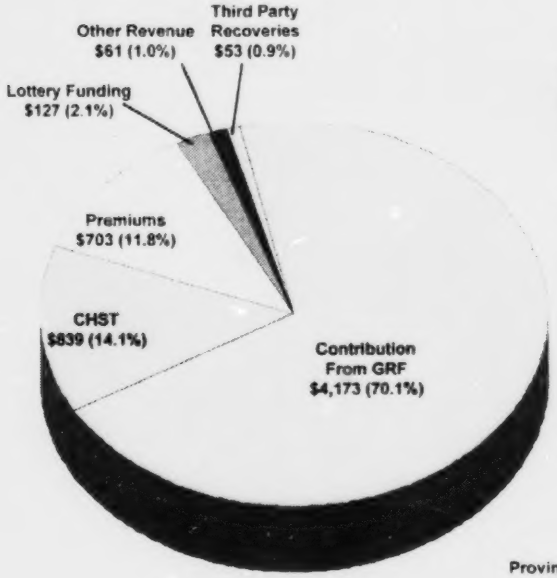
The $5.9 billion expenditure was an increase of $470.5 million or 8.6 per cent over the 1999/2000 expenses.

The increased funding ensured that:

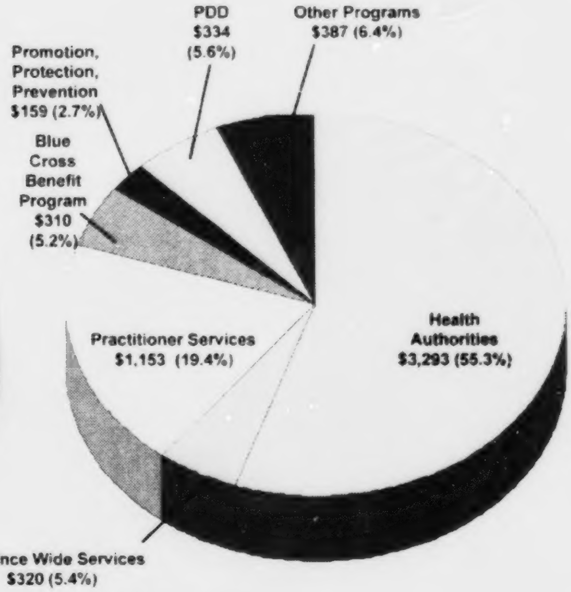
- Wait times for major diagnostic and treatment services such as joint and hip replacements, open-heart surgeries, angioplasties and renal dialysis would be reduced ($54.4 million).
- Increased demand for drug benefits was addressed as well as the addition of new high cost drugs to the drug benefit list during the year ($48.7 million).
- There would be increased access to quality health services and to services for persons with development disabilities ($112.4 million).
- There would be adequate compensation for regional health authority staff and for agency staff that provided services to persons with developmental disabilities ($63.6 million).
- Support was available for nurses continuing education through the establishment of an endowment fund ($10 million).
- Long term care and home care services were expanded ($20 million).
- Regional health authorities, which include the provincial mental health and cancer boards, were able to replace and acquire medical equipment ($143.6 million), including $14 million for the acquisition of additional MRI's. Also included is $48.7 million from the federal government for the purchase by the regional health authorities and public health laboratories of high-tech equipment for diagnostic and treatment purposes.

- Initiatives were started to respond to the Children at Risk Task Force Report, in conjunction with other Ministries ($3.4 million).

In addition, there was an increase of $14.4 million for the provision of Health Care Insurance Premiums write-offs.



Sources Of Funding



How Was Funding Spent

Total $5,956 Million

Communication with Albertans

Throughout 2000/2001, Alberta Health and Wellness continued its efforts to consult with Albertans and keep people well informed. Significant steps included the following:

- Alberta Health and Wellness continued to provide more information about health and the health system. Some information initiatives included:
  - The release on September 15,2000 of the *Alberta Health Survey Report* in which 85 per cent of Albertans reported results of the care they received as good or excellent. The Population Research Laboratory at the University of Alberta conducted this health survey. The 2000 survey incorporated the views of 4,000 Albertans interviewed between March 30 and May 10, 2000.
  - The sending out on December 28, 2000, of *Alberta's Health System - Some Performance Measures, November 2000.* This publication updates Albertans on the performance of the health system.
- Alberta Health and Wellness consulted with stakeholders on developing regulations for the *Health Care Protection Act.* On September 28, 2000, the Alberta government proclaimed the Act and enacted the *Health Care Protection Regulation.* An extensive campaign provided media relations and advertising support during this process and in implementing the government's Six Point Plan for Health.
- Alberta Health and Wellness consulted with the public and key health care stakeholders on the recommendations submitted by the Alberta Advisory Committee on Organ and Tissue Donation and Transplantation.
- Alberta Health and Wellness consulted with Alberta Learning and post-secondary institutions in the province about jointly establishing 575 new training spaces in health care professions.
- The Alberta Brain Injury Forum consulted with 135 Albertans in Red Deer December 8-9, 2000. From the Forum, recommendations were developed for the Alberta Brain Injury Action Plan. Both are part of the Alberta Brain Injury Initiative to identify and address the needs of adult Albertans with acquired brain injury.
- A vaccination campaign on meningitis began in Edmonton in October 2000 and was followed up by a similar campaign in Calgary in February 2001. Alberta Health and Wellness set up a provincial meningitis hot line to respond to public calls. The experience in Edmonton and Calgary was then used to prepare for the provincial campaign, announced on February 5, 2001.

AUDITOR
GENERAL
Alberta

Report of the Auditor General on the Results of Applying Specified Auditing Procedures to Key Performance Measures

To the Members of the Legislative Assembly:

I have performed the following procedures in connection with the Ministry of Alberta Health and Wellness' key performance measures included in the *2000-2001 Annual Report of the Ministry of Alberta Health and Wellness.*

1. Information obtained from an independent source, such as Statistics Canada, was agreed with the information supplied by the stated source. Information provided internally was agreed to the reports from the systems used to develop the information.
2. The calculations that converted source information into reported measures were tested.
3. The appropriateness of the description of each measure's methodology was assessed.

As a result of applying the above procedures, I found no exceptions. However, these procedures do not constitute an audit of the key measures and therefore I express no opinion on the key measures included in the *2000-2001 Annual Report of the Ministry of Alberta Health and Wellness.*

Peter Valentine FCA
Auditor General

Edmonton, Alberta
July 13, 2001

Deputy Minister's Message

As Deputy Minister, I work to ensure effective governance of a health system that meets Albertans' needs. In this past year, we have forged new directions in health care, and I am pleased that this annual report shows progress toward our vision to achieve optimal health and wellness for Albertans.

Alberta Health and Wellness has a renewed focus on preventing illness and maintaining the health of Albertans. In 2000/2001, Alberta Health and Wellness worked with the regional health authorities to expand childhood immunization to include chickenpox, and introduced a province-wide vaccination campaign to prevent meningitis. We also expanded breast-cancer screening by introducing coverage for annual mammograms. We worked with other government departments on initiatives to protect children's health and continued our cross-government work on seniors and aboriginal health policy.

We also work with all our partners to provide services when people become ill or injured. For example, we worked with health authorities to identify the resources needed to reduce waiting times for key surgeries. Through quarterly reporting, we are monitoring progress in achieving waiting list targets and are reporting these results to Albertans.

I am especially pleased with the contracts we negotiated with the Alberta Medical Association, and that the health authorities negotiated with Alberta's nurses, that make Alberta the province of choice for health professionals. These agreements create a more favourable work environment that includes ongoing education, as well as appropriate compensation. We look to the agreements to be part of the solution in addressing the continuing shortage of care providers in the province.

Developing a new sense of team and re-energizing our staff within the department has been a major focus in the past year. In 2000/2001, we began to recognize excellence by introducing the first annual REACH awards for outstanding staff achievement. A new focus on internal communication keeps all staff members informed of key developments and activities within the department. This and other efforts have had a tangible impact on our ability to work effectively with our external partners and deliver quality services to Albertans.

My first year as Deputy Minister of Alberta Health and Wellness has been personally and professionally rewarding. Our executive team and I look forward to reporting on greater achievements in the year to come.

Shelley Ewart-Johnson

Shelley Ewart-Johnson
Deputy Minister
Alberta Health and Wellness

Core Businesses

Alberta Health and Wellness engages in two core businesses:

- **lead and support a system for the delivery of quality health services**
  For Albertans who are fragile and/or ill, or who may need diagnosis, treatment or support, a system of quality health services is in place to meet their needs. While the responsibility for delivering those services rests with health authorities, agencies and individual practitioners, the Ministry is required to demonstrate leadership in setting direction, policy and provincial standards which ensure quality services. Key Ministry roles are to set priorities based on health needs, determine the scope of financial, capital and human resources required, and measure/report on the performance of the system.

- **encourage and support healthy living**
  A primary focus of the health system is to support and encourage the well-being and health of Albertans, not just to diagnose and treat the ill and injured. Health promotion and protection programs, disease and injury prevention programs, along with enhanced supports for persons with disabilities, address risks to health where knowledge or early intervention can make a major difference. Through health authorities and provincial agencies, programs for the promotion of well-being, as well as the prevention of disease and injury, enable Albertans to make informed decisions about their health. In acknowledgement of the wide array of factors that have an impact on health, the Ministry is engaged in inter-ministerial initiatives to effectively address challenges to the health and well-being of the population.

In the following sections, information is provided about the actions and key achievements for each of the Ministry's four goals that support the two core businesses. Results for all the key performance measures included in the 2000/2003 business plan are provided in the Key Performance Measures and Results section for each goal. Additional statistical information is also provided.

Goal 1: To sustain and improve the delivery of accessible, effective, quality health services to Albertans who need them

The responsibility for service delivery rests primarily with health authorities and individual practitioners. Continuous improvement and innovation are promoted to ensure the delivery of health services which meet high standards, achieve positive health and wellness outcomes, and address the needs of Albertans. The Ministry also works with health authorities to ensure appropriate investment and management of provincial resources through review and approval of business plans and capital plans. Registration of Albertans for health care insurance and operation of the payment system for fee-for-service practitioners, aids to daily living suppliers, ambulance operators and other services are administered by the Ministry.

Action and Achievements

Action: **Improved access by increasing staff levels for front-line services.**

Achievements:

- Alberta Health and Wellness included funding in the 2000/2001 budget to enable regional health authorities to begin adding up to 2,400 nurses and other front-line workers over the next three years.

Action: **Began implementing strategies to enhance long-term care, contained in *Strategic Directions and Future Actions: Healthy Aging and Continuing Care in Alberta.***

Achievements:

- Alberta Health and Wellness allocated an additional $20 million to regional health authorities to expand home care services.
- Developed guidelines for partnerships between regional health authorities and private, public or voluntary sector organizations to develop long-term care facilities. Financial assistance is conditional upon the best interests of the public and the community being served through an appropriate allocation of risks and returns between the partners.
- A computer-based needs projection model was developed and provided to regional health authorities to assist in their development of a 10-year continuing care service plan for their region.
- Experts and stakeholder groups provided advice on quality Alzheimer's and dementia care, and core components of services needed for this special population.
- Background work began toward enhancing the skills and supply of health care workers to serve the aging population, and to develop policies for supportive living.

Action: **Initiated improvements to attract and keep physicians in Alberta.**

Achievements:

- 89 per cent of the Alberta Medical Association's membership voted to accept a two-year compensation agreement for physicians developed by Alberta Health and Wellness and the AMA. The objectives of a new agreement were to attract and retain physicians, provide for appropriate volume increases and support innovation. Funding increases keep Alberta competitive on a national scale and support fee equity between physician specialties, as outlined by Alberta's Relative Value Guide Commission.
- $4.5 million in new funding was announced to create 40 new post graduate medical residency positions in rural Alberta. Twenty students started in July 2001 and 20 more will start in July 2002. Seventeen of these positions were filled, with the remaining three reallocated and added to the Alberta International Medical Graduate Program. The new Alberta Rural Family Medicine Network is a partnership between the Rural Physician Action Plan, the University of Calgary and University of Alberta Family Medicine departments.

Number of Physicians in Alberta

The number of physicians participating in AHCIP has increased steadily since 1996.

	1996/1997	1997/1998	1998/1999	1999/2000	2000/2001
Physicians per 1,000 Albertans	1.53	1.52	1.54	1.58	1.63
Number of Physicians	4,228	4,268	4,442	4,641	4,856

Source: Alberta Health Care Insurance Plan (AHCIP).
Mid-year population for 1996/1997 to 2000/2001 taken from Population Registry as of September 30 of each fiscal year. This is a change in methodology from previous reports. There are additional physicians practising in Alberta who are not compensated through AHCIP.

- The Alberta International Medical Graduate (IMG) Program commenced this year with 11 IMGs participating. This new two-year family medicine residency program will provide foreign medical graduates with the training they need to practise in Alberta.
- According to the College of Physicians and Surgeons of Alberta, as of March 31, 2001, there were 5205 fully registered physicians in Alberta compared to 5044 for the previous year, an increase of 161.
- $10 million in new funding was targeted over two years to recruit and retain specialists providing province-wide services, such as neurosurgery and organ transplants provided by the Capital Health Authority and Calgary Health Region for all Albertans.
- Two new alternative payment plan projects were implemented: The Taber Associated Medical Centre and the Calgary Chronic Pain Centre. Four previously implemented projects continued to operate and 13 others are being developed.
- Progress was made on an alternative funding plan for the University of Alberta Departments of Medicine and Pediatrics. Implementation is targeted for 2001. The activities will improve recruitment and retention of specialists, and encourage innovative solutions to health care delivery.

Waiting to See a Family Physician or Specialist

Most Albertans (75 per cent) report that they are able to see their family physician within one week of making the appointment. There are longer waits to see a specialist physician, with 57 per cent of respondents reporting a wait of less than a month. These results have remained unchanged since 1999.

	Same day	Less than one week	1 – 2 weeks	2 weeks – 1 month	1 month or longer
Family physician (%)	35	40	13	7	4
Specialist (%)	10	12	15	20	43

Source: Alberta Health Survey 2001.

Action: **Funded initiatives to improve recruitment and retention within the nursing sector.**

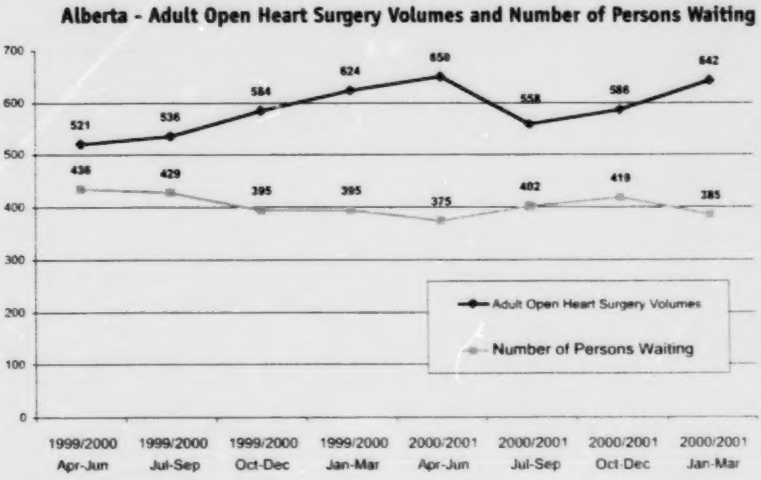
Achievements:

- A large-scale study of quality of work-life and career satisfaction within the nursing sector will provide the basis for partnering with stakeholders to address work-life issues.
- Alberta Health and Wellness allocated $10 million to the Alberta Association of Registered Nurses for an endowment fund to support continuing education.
- Funding and facilitation was provided for development of competency profiles for the Professional College of Licensed Practical Nurses.
- Alberta Health and Wellness chaired a federal-provincial-territorial working group that developed *The Nursing Strategy for Canada*, which proposes an integrated solution to address the need for an adequate supply of nursing personnel.

Action: **Improved access to province-wide or essential services.**

Achievements:

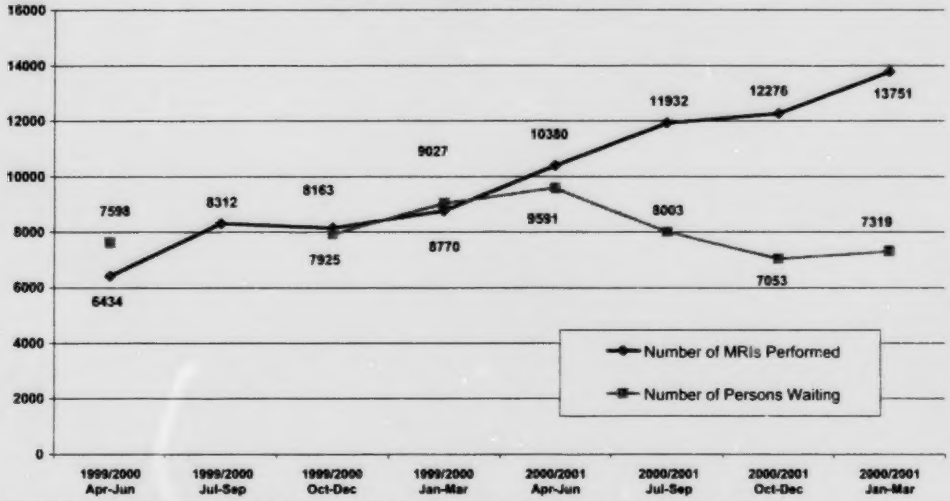
- Increased funding for province-wide services allowed for a 5.9 per cent volume increase in such life-saving medical procedures as dialysis and heart surgeries. New therapies and prevention programs also were added.
- New funding was provided to reduce waiting times for diagnosis and treatment. The additional funding addressed areas such as open heart surgeries, joint replacements, MRIs and breast and prostate cancer treatment. Specific targets for 2000/2001 included an additional 185 cardiac surgeries, 150 angioplasties, 830 major joint replacement surgeries and 4,000 additional MRI procedures. Funds were also provided for increased capacity for kidney dialysis and improved pre-dialysis care management.


Alberta - Adult Open Heart Surgery Volumes and Number of Persons Waiting

Source: Alberta Health and Wellness, Standards and Measures, Quarterly Reporting

- New funding for the recruitment of additional cancer specialists was provided and the average waiting times for radiation therapy for breast and prostate cancer improved. A reduction from approximately 11 weeks in March, 2000 to 4 weeks in March, 2001 was documented.
- Alberta Lottery Fund grants, totalling $10 million, were awarded to seven regional health authorities and the Alberta Cancer Board for the purchase of advanced medical technology to improve access and reduce wait times for diagnostic and treatment services. In 2000/2001, the grants supported the acquisition of equipment including a MRI scanner, renal dialysis machines, ultrasound units and anaesthetic machines.
- An MRI Report *(Magnetic Resonance Imaging Report of Findings and Recommendations)* prepared by the Imaging Advisory Committee contained a province-wide strategy to improve access to MRI services in Alberta.

Province - Number of MRI Examinations Completed and Number of Persons Waiting for an MRI



*Data includes: Calgary, Capital and Chinook Regions (99/00 Q2 and after), David Thompson (00/01, Q1 and after), Mistahia (00/01, Q4 and after). Excludes Qtr 2 99/00 due to incomplete data.

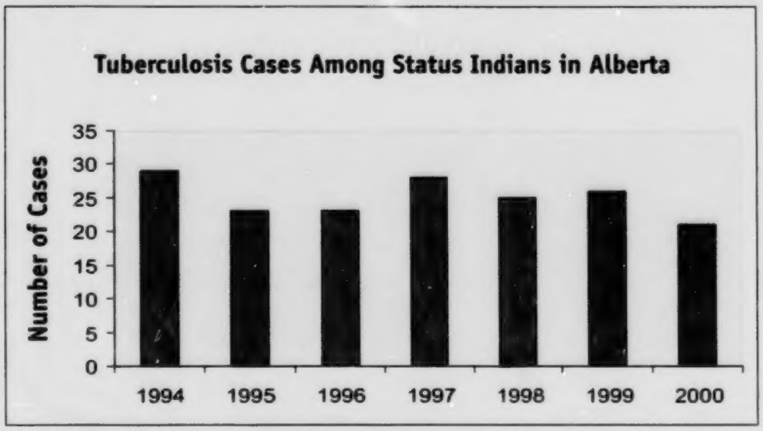
Source: Alberta Health and Wellness, Standards and Measures, Quarterly Reporting

Action: **Continued to implement the Aboriginal Health Strategy to address Aboriginal health issues in co-operation with the federal government, other ministries, provincially-funded health providers such as regional health authorities and Aboriginal communities.**

Achievements:

- The Aboriginal Health Strategy Project Fund started nine new Aboriginal community-based projects to enhance aboriginal access to provincial health services and to facilitate partnerships between health authorities and aboriginal communities. The projects address such health issues as diabetes, tuberculosis, injury prevention, mental health and access to services. The department has committed $3.2 million during the Strategy's first five years, for 46 projects.

- The Aboriginal Health Careers Bursary Program funded 47 students to further their studies (bringing the total to 163 bursaries awarded since 1996) and thereby increase health workforce participation by aboriginal people and address the critical shortage of health care workers in aboriginal communities.
- The Paddle Prairie and Gift Lake Metis Settlements, and Fort Chipewyan received grants to encourage innovation in service delivery and enhance the provision of primary health services in remote aboriginal communities.
- Alberta Health and Wellness is one partner ministry in the government-wide Aboriginal Policy Initiative. As part of this initiative, Alberta Health and Wellness is committed to reducing the number of new tuberculosis cases among Aboriginal Albertans.


Tuberculosis Cases Among Status Indians in Alberta

Source: Alberta Health and Wellness, Communicable Disease Control TB database.

Action: **Boosted health services research through a renewed Health Research Collaboration Agreement with the Alberta Heritage Foundation for Medical Research.**

Achievements:

- The renewed and enhanced Health Research Collaboration Agreement almost doubled funding by Alberta Health and Wellness from the previous agreement to $23 million over five years. The Agreement supports the Health Research Fund, the development of a province-wide research agenda, Alberta's health technology assessment program and effective communication of the research results.
- Examples of projects funded under the Health Research Fund include: prevention of Streptococcus B infection, a potentially deadly disease in newborns; development of better imaging technology for detecting breast cancer; development of a self-help program for problem gamblers and determination of the value and effects of exercise in cancer patients.

Action: **Promoted changes to enhance quality, accessibility and sustainability through the Health Innovation Fund.**

Achievements:

- A second call for proposals resulted in 15 new projects being funded for $13 million over three years. In total, there are 48 projects testing the innovative use of new technologies (e.g.teleradiology), organizational models and personnel (e.g. nurse practitioner) to improve access effectiveness or efficiency.
- An evaluation strategy implemented for projects of the Fund will enhance accountability and ensure experience gained is disseminated.

Action: **Prohibited two-tiered health care, while permitting health authorities to contract for insured surgical services.**

Achievements:

- The Minister approved 34 new and 2 pre-existing contracts for insured surgical services after the *Health Care Protection Act* and Regulation came into force in September 2000. A process had been established for Ministerial review and approval of contracts between regional health authorities and operators of surgical facilities for the provision of insured surgical services, as well as for the Minister to designate surgical facilities.
- Development and implementation of the Act and Regulation included communication with the public, RHAs and surgical operators; stakeholder consultations and independent third-party reviews.

Action: **Completed consultation toward improvements in professional self governance.**

Achievements:

- Consultations were completed for four professions' policies, which will form the basis for regulations under the *Health Professions Act*.

Action: **Enabled co-ordinated workforce planning across the province.**

Achievements:

- Regional health authorities developed their first health workforce plans as part of their business plans, using a template developed by Alberta Health and Wellness.
- A Continuing Care Workforce Working Group was established to implement the human resource strategies contained in *Strategic Directions and Future Actions: Healthy Aging and Continuing Care in Alberta*.

Action: **Proposed improvements in such areas as perinatal health, physical therapy and children's mental health.**

Achievements:

- A steering committee proposed an Alberta Perinatal Health Program to improve overall coordination throughout the province. Funding was secured to implement the proposed program in 2001/2002.
- Policy options were examined and developed for community physical therapy. A consultation paper will be released in 2001/2002.

- The use of a single information system by the two provincial laboratories was proposed to ensure the long-term exchange of laboratory information and will be implemented in 2001.
- Alberta Health and Wellness participated in the Children's Mental Health Provincial Working Committee report, *Enhancing and Improving Mental Health Services for Selected Groups of Children and Youth.*
- A policy change reduced financial hardship for patients and their escorts travelling out of Canada for medically required services approved by the Out of Country Health Service Committee.

Action: **Progressed toward implementation of the *Health Information Act.***

Achievements:

- Steps toward implementation of the Act included completing regulations; developing a guidelines and practices manual; developing and delivering training of health authorities, Alberta Health and Wellness staff, pharmacists and other custodians; and developing pubic information materials. The Act was proclaimed on April 25, 2001. It balances the need to protect the use of personal health information with the need for information within the health system to assist in decision-making and to provide comprehensive quality service.

Action: **Shared key learnings from 27 primary health care projects completed under the Alberta Primary Health Care Project to inform practice and policy development.**

Achievements:

- A Provincial Showcase Conference held in November 2000 disseminated key learnings from the projects, along with a video and projects booklet. Reports on each project and its evaluation are available on the website of Alberta Health and Wellness. Learnings relate to such areas as access, quality, impact on populations and transferability, integration, multi-discipinary teams and community health centres.

Action: **Continued to enhance Telehealth services to improve access to specialists and continuing medical education in smaller/rural communities.**

Achievements:

- Fifteen regional health authorities and the Alberta Mental Health Board gained access to Telehealth.
- The Mental Health Board and six regional health authorities pilot tested a provincial project for the scheduling of telemental health sessions.

Telehealth Implementation – Progress

Telehealth installations enable physicians and other health service providers in rural and remote communities to consult with specialists in the urban centres for diagnostic and treatment advice.

	March 2000	Sept 2000	March 2001
Teleconference Sites	52	59	70
Teleradiology Sites	2	17	19

Source: Alberta we//net

Action: **Implemented a seniors drug profile to help caregivers make more informed decisions.**

Achievement:

- **Alberta we//net** further rolled out the seniors drug profile information system which provides the medication history of seniors in 86 facilities throughout Alberta. It is also used by 81 homecare sites.

Seniors Drug Profile

The Seniors Drug Profile gives health service providers access to information about the medication prescribed to Alberta seniors. This improves diagnosis and treatment quality, especially when the patient cannot recall which medications they are currently taking. These results show rapid increase in the implementation and use of this new information system.

	March 2000	September 2000	March 2001
Number of health facilities	23	42	86
Number of sites, including home care sites	50	163	418
Number of drug profiles accessed (6 months prior to reporting date)	6,626	19,209	27,071

Source: Alberta we//net

Action: **Ensured reasonable access to and appropriate use of prescribed drugs.**

Achievements:

- The Minister added 24 new medicines to the Alberta Health and Wellness Drug Benefit List, on the advice of the Expert Committee on Drug Evaluation and Therapeutics. They included medications for the treatment of hypertension, bacterial infections, rheumatoid arthritis, diabetes and osteoporosis.
- Development is under way on a province-wide pharmaceutical information network as the cornerstone project of **alberta we//net.**
- The Alberta Prescription Checkpoint Program, launched in September 2000, encourages patients to try a few doses of each new prescription before it is fully dispensed, to ensure suitability and reduce drug waste.

Action: **Contributed to enhanced long-term planning for health infrastructure.**

Achievement:

- Developed a conceptual framework and essential components for health authority long-term capital plans, and performance measures for health infrastructure in collaboration with health authorities and Alberta Infrastructure.
- 25 per cent of regional health authorities completed long-term capital plans. Plans from the remaining health authorities are expected in the first quarter of 2001/2002.

Action: **Made improvements to the Alberta Aids to Daily Living program.**

Achievements:

- Alberta Aids to Daily Living conducted a program mandate and operational review, its first since 1989, to make improvements to the program.
- Specific improvements in 2000/2001 included use of interactive voice response for client inquiries, expanded access to burnscar garments, a pilot project for compression stockings, improved processes for respiratory benefits and funding for replacement bone-anchored hearing aid devices.

Action: **Developed a provincial health capital plan to improve access and reduce waiting lists for acute and long term care services, and to replace health capital assets.**

Achievements:

- The approved capital plan targeted beds and increased capacity to reduce waiting times for cancer, heart and orthopedic surgery, and to improve access to renal dialysis, psychiatric and emergency services. Enhanced children's services will be available in the new Alberta Children's Hospital.
- The capital plan places high priority on the regeneration and expansion of long-term care facilities to improve the living environment and reduce wait lists. Capacity will increase by 1032 beds while 1231 beds will be upgraded or replaced.

Key Performance Measures and Results

Measure 1.1 **Ratings of ease of access to health services**

The per cent of Albertans who report access to health services is "easy" or "very easy."

Target (2002) = 80 per cent

Rationale: Access to publicly funded health services is a fundamental principle for the health care system. Health services are made available to all Albertans through the public health system, and the Ministry's goal is to achieve reasonable access for all.

Results:

	1997	1998	1999	2000	2001	Target 2002
Ease of access to health services (% responding *easy* or *very easy*)	74	73	73	64	64	**80**

Source: Alberta Health Survey, 1997/2001.

Discussion: Public ratings of ease of access to health services remained at 64 per cent in 2001, below our target of 80 per cent.

Many of the activities and achievements of the Ministry, including targeted funding in high need areas and successful recruiting of physicians and nurses, are intended to improve access to services. Continued work in these and other areas of service delivery are needed to achieve our target by 2002.

Source: Alberta Health and Wellness Survey (annual). Data are collected through a telephone survey of 4,000 randomly selected Alberta households. The survey is commissioned by Alberta Health and Wellness and is conducted by the Population Research Laboratory at the University of Alberta; the response rate for 2001 is 81 per cent. Results for the entire sample are accurate within ±2 per cent 19 times out of 20.

Adult Albertans are asked: "How easy or difficult is it for you to get the health care services you need when you need them? Would you say it is: very easy, easy, a bit difficult, or very difficult?" The measure is the per cent who respond easy or very easy.

Measure 1.2 Ratings of quality of service received, and the effects of care on health

The per cent who report quality of care personally received was "excellent" or "good."

Target (2003) = 90 per cent

The per cent who report that the effect of care on their health was "excellent" or "good."

Target (2003) = 85 per cent

Rationale: Our goal is to ensure provision of health services that are of high quality, and are effective in improving the health of Albertans. These key measures reflect the views of Albertans on the quality and effectiveness of services they have received, based on their experiences with the health system.

Results:

Measure	1997	1998	1999	2000	2001	Target 2003
Quality of care personally received (% responding *good* or *excellent*)	86	86	78	86	86	**90**
Effect of care on health (% responding *good* or *excellent*)	83	84	83	85	86	**85**

Source: Alberta Health Survey; 1997/2001.

Discussion: 2001 results maintain the levels achieved in 2000. Generally, Albertans remain positive about the quality of care they receive, and the effects of this care on their health.

Many of the Ministry's actions and achievements directly affect the quality and effectiveness of health services. Funding ensures the appropriate levels of health professionals, staff, equipment, medications and supplies. Through legislation such as the *Health Disciplines Act*, we ensure health professionals are highly skilled and professional in their interactions with patients.

Source: Alberta Health and Wellness Survey (annual). (please refer to *Source* note to measure 1.1 for methodology)

Adult Albertans who report that they have obtained health services during the past 12 months (approx. sample of 3,000 each year) are asked: "Overall, how would you rate the quality of care you personally have received in the past 12 months? Would you say it was: excellent, good, fair or poor?" The measure is the per cent responding excellent or good.

Respondents are then asked: "How did the health care services you received in the past 12 months affect your health? Would you say the results were: excellent, good, fair or poor?" The measure is the per cent responding excellent or good.

Measure 1.3 Wait lists for MRI, joint replacement, heart surgery and long-term care

The number of persons waiting at the end of each quarter.

Target (2002/2003) = decreasing trends

Rationale: Waiting for health services is one measure of whether the health system is providing reasonable access to needed health services. Very urgent need is responded to immediately, however, less urgent cases are placed on waiting lists according to the level of need. In recent years, Alberta Health and Wellness has developed a process for targeted funding and specific quarterly reporting of the number of persons waiting and the number served for specified services, to ensure that access to these services improves.

Results:

Number of Persons Waiting for Service	1999/2000 Q1	Q2	Q3	Q4	2000/2001 Q1	Q2	Q3	Q4	Target 2002/2003
Heart surgery	436	429	395	395	375	402	419	385	**Decreasing trend**
Joint replacement	1936	2052	2110	1853	1984	2215	2315	2497	**Decreasing trend**
MRI	7598	n/a*	7925	9027	9591	8003	7053	7319	**Decreasing trend**
Long term care placement** (urgent)	705	797	729	619	561	771	775	745	**Decreasing trend**

* complete MRI results unavailable for this quarter

**Represents change in methodology from previous years. Non-urgent people waiting in the community are not included in totals for 2000/2001 and 1999/2000. Figures have been restated to reflect the change. Previous year's numbers may also have been subject to corrections by regional health authorities. Complete information for Q1 and Q2 of 1999/2000 on persons waiting for long term care placement is not available from two health authorities, affecting about 30-40 cases.

Discussion: The number of persons waiting for heart surgery has declined only slightly in the past two years. The number of persons waiting for joint replacement surgery has increased steadily in 2000/2001. The number of persons waiting for MRIs increased during 1999/2000, but has decreased quite rapidly during 2000/2001. The number of persons waiting for long-term care placements has increased during 2000/2001. We continue to monitor progress and publish regular reports on these wait lists (reports can be found on the Alberta Health and Wellness web-site: www.health.gov.ab.ca).

Source: Alberta Health and Wellness: Regional Health Authorities Quarterly Reporting system. Waiting begins on the date a person is placed on the list for a particular procedure or service and ends on the date the service is received. Some waiting lists may contain a few individuals who are opting to wait for a preferred service date.

Measure 1.4 Alternate level of care (ALC) days (efficiency in acute care facilities)

The per cent of total hospital days for care that could have been provided in an alternative setting, as determined by medical staff.

Target (2002/2003) = decreasing trend

Rationale: The effective and efficient delivery of health services requires that appropriate care is provided in the most appropriate setting. This measure indicates the level of use of acute care hospitals by persons who could be served in an alternative setting, such as a long term care facility, assisted living, home care, or out-patient care. Several key Ministry strategies are focused on developing and implementing effective and efficient ways to provide services, so that acute care facilities are used to best advantage.

Results:

Measure	1994/ 1995	1995/ 1996	1996/ 1997	1997/ 1998	1998/ 1999	1999/ 2000	Target 2002/2003
Alternative level of care days (% of all hospital inpatient days)	6.9	3.9	3.9	4.1	4.9	5.4	**Decreasing trend**

Source: Alberta Health and Wellness: Hospital Morbidity Files (includes acute care hospitals only).

Discussion: The results show that the per cent of all in-patient hospital days that could have been provided in an alternative setting has been increasing in recent years. Major strategies to address this trend are focused on providing suitable facilities for continuing care, as recommended in the final report of the Long Term Care Review (1999). These recommendations are being implemented now, and the new housing and long term care facilities are expected to have an impact on this measure in the next two years.

Source: Alberta Health and Wellness: Hospital Morbidity Files via Canadian Institute for Health Information.

Goal 2: To improve the health and well-being of Albertans through provincial strategies for protection, promotion and prevention

The health and wellness of individuals is determined by a number of factors. Key factors include genetic endowment, early childhood development, education, environment and employment status, as well as personal decisions about lifestyle behaviours. The services and supports available through the health system are a relatively minor factor, though essential when they are needed. With access to accurate and timely information, Albertans can make wise choices, whether it is to prevent disease or injury, or to safeguard their own health, wellness and quality of life.

Self-Reported Health Status

Self-reported health status was lower in 2001 compared with previous years.

	1997	1998	1999	2000	2001	Target 2003
Age 18 – 64 (% reporting ***very good*** or ***excellent*** health)	65	67	67	66	63	**70**
65 and older (% reporting ***good, very good*** or ***excellent*** health)	75	71	78	79	72	**80**

Source: Alberta Health Survey: 1997, 1998, 1999, 2000, 2001.

Actions and Achievements

Action: **Developed electronic information systems to support cancer and metabolic screening programs.**

Achievements:

- Information system linking laboratory and regional coordinators was implemented to ensure all newborns are tested for three inherited metabolic disorders.
- Information systems to support breast cancer and cervical cancer screening programs were under development.

Action: **Expanded the Alberta immunization program to protect Albertans.**

Achievements:

- Albertans were protected from chicken pox by the introduction of a new varicella virus vaccine into the routine Alberta Immunization Program.
- More than 300,000 young Albertans in the Calgary and Capital Health Authorities were immunized against meningococcal disease, in a one-time provincial program involving Alberta Health and Wellness, the provincial laboratory of public health and Health Canada.

Action: **Achieved among the lowest rates ever for tuberculosis in Alberta.**

Achievement:

- Ongoing monitoring, treatment and prevention strategies resulted in rates of TB during 2000 being among the lowest in the province's history.

Action: **Prepared for a potential pandemic influenza outbreak through involvement in Canada-wide planning.**

Achievement:

- Alberta Health and Wellness coordinated further development of a provincial plan to be prepared for a pandemic influenza outbreak. The plan supports the Canadian Contingency Plan.

Selected Communicable Diseases: Rates per 100,000 Population

Higher incidence rates occurred for *E.Coli* (primarily in southern regions), invasive meningococcal (primarily in the Edmonton area), and measles (primarily among unimmunized children). Decreased incidence rates occurred for pertussis and tuberculosis; rates for these two diseases are now at or below the provincial target levels.

Communicable Disease	1996	1997	1998	1999	2000
AIDS*	2.8	1.9	0.8	1.4	1.6
E.Coli 0157	5.8	6.8	9.0	6.6	10.9
Gonorrhea	17.2	14.6	18.5	18.3	19.8
Invasive Meningococcal	0.2	0.1	0.2	0.1	2.6
Measles	0.3	8.8	0.04	0.6	4.1
Pertussis	41.2	27.6	26.3	28.2	15.6
Tuberculosis	5.1	5.9	5.5	5.1	4.5

Source: Alberta Health and Wellness; Notifiable Diseases, HIV / AIDS and TB databases. Data is for calendar year.

Notes: Rates are based on mid-year population from the Alberta Health Registry files.

*AIDS counts are based on year of report.

Action: **Participated in environmental assessments and programs.**

Achievements:

- Alberta Health and Wellness led an interdepartmental human health team to review environmental impact assessments prepared by a number of major projects in Alberta. Team representatives also participated on the government panel at the Alberta Energy and Utilities Board public hearings. Projects examined included EPCOR's Rossdale plant, Cardinal River Coals, Shell Scotford co-generation project, True North Energy L.P. Fort Hills oil sands project, Inland Cement's fuel conversion project and Lafarge Canada's proposed fuel conversion project.
- Alberta Health and Wellness completed *The Alberta Oil Sands Community Exposure and Health Effects Assessment Program: Summary Report* providing results of studies to address human health concerns about air quality. The results were provided to the principal clients, Alberta Energy and Utilities Board, Syncrude Canada and Suncor Energy, and to stakeholders.
- An Environmental Health Law Conference was organized for regional health authority and other representatives, medical officers of health; other government departments, Health Canada and others involved in public health.

Action: **Continued to support improvements for persons with developmental disabilities.**

Achievements:

- The Ministry and the Persons with Developmental Disabilities (PDD) Board reviewed and prepared a response to *Building Better Bridges: The Final Report on the Programs and Services in Support of Persons with Developmental Disabilities.* The PDD function was transferred to Alberta Community Development at year-end.
- Alberta Health and Wellness was one of four government departments to contribute $40.8 million over two years to community agencies that provide programs and services to individuals with special needs. The funds will augment the wages paid to an estimated 15,000 service providers who are employees of the community agencies. Alberta Health and Wellness contributed $26.5 million. The *Building Better Bridges* report made this recommendation.
- PDD Board appointments made by the Minister in January 2001 ensured a balanced community perspective.

Action: **Contributed to projects to enhance the health of children and youth.**

Achievements:

- Planning began for the implementation of the Alberta Perinatal Health Program, including more integrated initiatives focussing on low birth weight.
- An Ever Active School Program was implemented in partnership with Alberta Learning and Alberta Community Development to promote physical activity opportunities.
- Alberta Health and Wellness continued to contribute to the Alberta Children and Youth Services Initiative to enable children with special health needs to participate fully in education programs. Under the Student Health Initiative, twenty-two partnerships involving schools, regional health authorities, child and family services and mental health partners are delivering rehabilitation and emotional/behavioural services to students across the province.
- The health authorities in Edmonton and Calgary received $125,000 each in grants (with an additional $125,000 each to come) to improve diagnosis and management of children and youth with fetal alcohol syndrome.
- Alberta Health and Wellness allocated $1.85 million for child health initiatives to help regional health authorities respond to recommendations from the Children's Forum and the Task Force on Children at Risk reports. Examples of projects include the Mexican Mennonite Nutrition Program in Chinook region and the Eat Well, Play Hard Program in Lethbridge and surrounding communities.
- In addition, the provincial Mental Health Board and AADAC received $2M and $1.4M respectively for initiatives responding to the recommendations of the Children at Risk Task Force.

Action: **Consolidated recommendations to reduce tobacco use.**

Achievements:

- The Minister established in January 2001 an intergovernmental committee chaired by the Alberta Alcohol and Drug Abuse Commission to recommend a made-in-Alberta tobacco reduction plan.

Action: **Helped establish an integrated community HIV fund.**

Achievement:

- Alberta Health and Wellness contributed $2 million to the Alberta Community HIV Fund. The fund was developed collaboratively by agencies, Health Canada and Alberta Health and Wellness to integrate funds into one program to support community agencies' HIV/AIDS programming in Alberta.

Action: **Made health information easily accessible to public health professionals to aid in tackling health dangers and protecting Albertans.**

Achievement:

- **Alberta we//net** fully implemented a public health information exchange program (SPHINX) that assists public health professionals monitor and report on public health issues and analyze the factors influencing health. Further enhancements of the system were also tested.

Key Performance Measures and Results

Measure 2.1 **Per cent low birth weight infants**

Per cent of newborns with birth weight less than 2500 grams.

Target (2002) = 5.5 per cent.

Rationale: Birth weight is an indicator of the general health of newborns, and an important determinant of infant survival, health and development. A healthy birth weight (>2500 grams) is associated with the health and care of the mother during pregnancy. Appropriate medical care and a healthy lifestyle can improve the chances that the baby will have a healthy birth weight.

Results:

	1996	1997	1998	1999	2000*	Target 2002
Low birth weight (%)	6.1	6.2	6.2	5.9	6.1	5.5

Source: Alberta Vital Statistics Births Registration File

* Preliminary result; subject to change.

Discussion: The low birth weight percentage in Alberta has not changed significantly during the past five years, and remains above the target of 5.5 per cent. These results are affected mainly by the activities of health authorities and physicians.

Source: Alberta Vital Statistics Birth Registration File. The measure is the per cent of live births in Alberta during the year with a recorded birth weight of less than 2,500 grams.

Measure 2.2 Mortality rates for injury and suicide

Age standardized mortality rates for death due to injury and suicide.
Targets (2002) = 45 (injury); 13 (suicide)

Rationale: Injury, including suicide, is a major cause of death in Alberta. Our injury and suicide mortality rates are among the highest in Canada.

Results:

Mortality Rates: Injury and Suicide per 100,000 Population		1994	1995	1996	1997	1998	1999	Target 2002
Injury & suicide	Males	76	77	75	70	75	67	
	Females	32	32	32	31	29	29	
	All Albertans	54	54	54	50	52	48	**45**
Suicide	Males	25	29	26	22	23	24	
	Females	7	6	8	7	6	6	
	All Albertans	16	17	17	14	14	15	**13**

Source: Alberta Health and Wellness: calculated from Vital Statistics (April 2001) and the Alberta Health Registration File (mid-year population estimates). Mortality rates are standardized to the 1996 Canada population.

Discussion: Injury mortality rates are slightly lower in 1999, and approaching the target. Suicide rates have changed very little since 1997.

Source: Health Trends in Alberta (Alberta Health and Wellness). The measure is derived from information on causes of death from Alberta Vital Statistics, and population information from Alberta Health and Wellness Registration File. Rates are standardized to the 1996 Canadian population.

Measure 2.3 Breast cancer screening rates

The per cent of women aged 50-69 who receive mammography screening every two years.
Target (2002/2003) = 75 per cent

Rationale: Appropriate screening can have a significant impact on early detection and prevention of death due to breast cancer.

Results:

Reported Use of Medical Screening Tests for Breast Cancer	1994/1995	1996/1997	1998/1999*	Target 2002/2003
Mammography, last 2 years (% women age 50–69)	71	64	69	75

Source: National Population Health Survey (NPHS) (1994/1995, 1996/1997, 1998/1999)

Note: Screening results are self-reported.

*The NPHS is a longitudinal survey and is not a perfect representative cross-section of the population since the 1994/1995 survey. In view of this, trends in the results of the National Population Health Survey (NPHS) should be interpreted with caution.

Discussion: Breast cancer screening rates have not changed significantly during the past several years, and remain below the 75 per cent target. Recent improvements in programs to deliver services to rural and remote parts of Alberta, the release of a Clinical Practice Guideline in 1999, and improvements in data systems, are expected to improve these results by 2002/2003.

Source: National Population Health Survey (NPHS) (1994/1995, 1996/1997, 1998/1999); Statistics Canada.

The NPHS, conducted every two years by Statistics Canada. Approximately 1,200 Albertans are interviewed, either by telephone or in person. Results for the entire sample are accurate within 3 per cent 19 times out of 20; however, estimates for this measure are based on a much smaller sub-sample, and may only be accurate within 8 per cent. The measure is the per cent of women aged 50-69 years who report having a mammogram for breast cancer screening in the past two years. [NOTE: The NPHS is a longitudinal survey, interviewing the same persons every two years; trends should be interpreted with caution. The Canadian Community Health Survey, launched in 2000, will provide improved data for this measure later in 2001.]

Measure 2.4 Childhood immunization rates

The per cent of two-year-old children who have received the recommended immunizations.

Target (2002) = 97 per cent (diphtheria, pertussis, tetanus, haemophilus influenza b, polio)

Target (2002) = 98 per cent (measles, mumps, rubella)

Rationale: Immunization against childhood diseases has a significant impact on their incidence. A high rate of immunization for the population can help to ensure the incidence of the disease remains low, and outbreaks are controlled. Immunization contributes significantly to the health of our children.

Results:

Immunized at age 2 (%)	1996	1997	1998	1999	Target 2002
Diphtheria, tetanus, pertussis, polio, Hib (4 doses)	80	80	77	79	97
Measles, mumps, rubella (1 dose)	88	90	86	89	98

Source: Alberta Health and Wellness

Discussion: Immunization coverage rates for Alberta remain steady and below target. Special efforts are needed in remote areas of the province, and with some groups of residents, to ensure children receive appropriate immunization to protect their health.

Source: Immunization data are obtained from reports provided by regional health authorities to Alberta Health and Wellness, and from Health Canada, which has responsibility for Aboriginal children on reserves. Population at age 2 is estimated from Alberta Health and Wellness mid-year registration files. The measure is the number of children aged 2 who have received the required immunization divided by the population of 2 year olds.

Goal 3: To support and promote a system for health

The health system is very complex. With numerous stakeholders involved in the process of organizing and delivering services to citizens, it is a continuous challenge to ensure that their efforts are effectively coordinated in the service of Albertans. Towards this end, effective communication, accountability and information systems are essential, as is leadership in addressing emerging system-wide challenges.

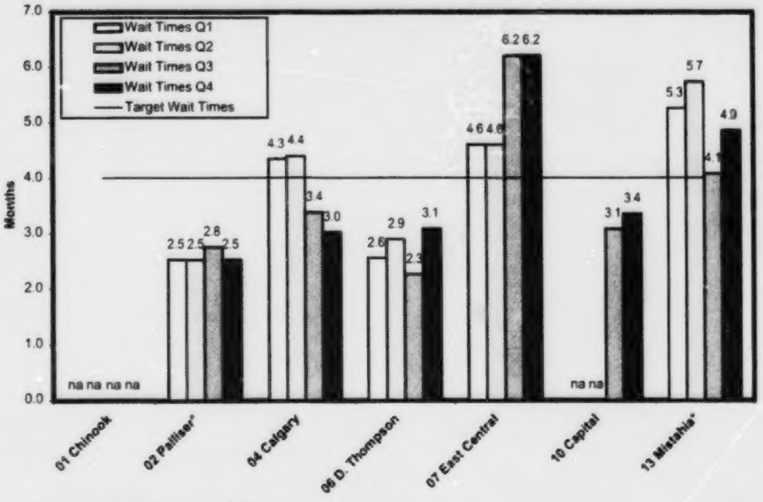
Actions and Achievements

Action: **Provided information about health and the health system to enable Albertans to take responsibility for their health and use of health services.**

Achievements:

- Alberta Health and Wellness prepared *Health Trends in Alberta: A Working Document* to present information about the health status of Albertans. It will be published in the second quarter of 2001.
- A new report, *Alberta's Health System: Some Performance Measures*, included measures on access to such services as hip and knee replacement surgery, MRIs, open-heart surgery and waits in emergency for an inpatient bed. Much of the new information on waiting times, including what is shown below, has been developed and improved this year.

Hip/Knee Replacement: Median Waiting Times (months) by Service RHA for April 2000 through March 2001



* Mean waiting time available only
na - not available

- Distribution of the LINKS newsletter, providing expert and diverse opinions on key issues, was increased among medical and clinical leaders.
- Newspaper ads titled *Health Care in Alberta: a Message to Canadians* and meetings with editorial boards by the Minister highlighted Alberta's commitment to the principles of the Canada Health Act and explained health care initiatives.

Action: **Developed consistent reporting methods so information can be exchanged provincially and nationally.**

Achievements:

- Alberta Health and Wellness supported the development of a national health infostructure, approved by the Conference of Deputy Ministers of Health. Activities included developing standard data requirements for such provincial programs as continuing care, breast cancer screening and immunization and adverse reactions. Nationally, collaboration included indicators in home care, joint replacement, continuing care and mental health/addictions services.

- Alberta Health and Wellness is leading the Federal/Provincial/Territorial Performance Indicators Reporting Committee to develop a set of comparable health and health system indicators.
- Six regional health authorities began testing a new method for assessing and monitoring clients receiving continuing care services. This involves development of a province-wide coordinated approach as recommended by the Long Term Care Review Committee.
- Alberta Health and Wellness organized an ongoing Chief Information Officers Forum which is attended by representatives of all 17 regional health authorities, the Alberta Mental Health Board and Alberta Cancer Board.

Action: **Supported public-private partnerships to increase long-term care facilities and capacity.**

Achievements:

- Alberta Health and Wellness implemented a strategy and provided funding and a process for regional health authorities to partner with private and voluntary sector organizations to develop additional long-term care beds. This is in keeping with the government-wide Corporate Capital Planning Initiative, and recommendations of the Long Term Care Review Policy Advisory Committee. Partnerships have demonstrated good value and an economic advantage for the Province.

Action: **Expanded a pilot program to enhance education and accountability.**

Achievement:

- Letters to patients of randomly selected practitioners were increased from 500 to 3,000 as part of the practitioner service verification program. This educates patients and practitioners about wise use of the health care system, while enhancing risk management and accountability.

Action: **Progressed on systems to enhance the exchange of information across the province.**

Achievements:

- The Alberta Cancer Board progressed on a network to provide caregivers with electronic cancer treatment protocols and patient records. The system is being used in all community and associate cancer centres to schedule patients. When complete, it will be the first complete cancer care information system in Canada.
- **alberta we//net** supported planning and pilot testing of a physician office system initiative of Alberta Health and Wellness and the Alberta Medical Association.
- All 19 health authorities began using a network to access authorized information at **alberta we//net** and Alberta Health and Wellness. **alberta we//net** is also working with the four western provinces to build a shared electronic registry for all health care providers.

Key Performance Measures and Results

Measure 3.1 Public self-rated knowledge of health services available

The per cent of Albertans who rate their knowledge of health services available to them as "excellent" or "good."

Target (2003) = 75 per cent

Rationale: Albertans who are knowledgeable about the health services available are better able to access these services and are better able to seek appropriate services. Alberta Health and Wellness, health authorities and health professionals have responsibilities to contribute to Albertans' knowledge about health services. A more knowledgeable public can help improve the effectiveness and efficiency of the health system by making good decisions about how to use our health resources.

Results:

Self-Reported Knowledge of Health Services	1997	1998	1999	2000	2001	Target 2003
Knowledge of which health services are available (% responding *excellent* or *good*)	70	70	63	63	66	75

Source: Alberta Health Survey, 1997 – 2001.

Discussion: Self-reported knowledge of available health services increased somewhat in 2001, but remains below target. The health system has changed significantly in recent years, but Albertans are now becoming more familiar with the services provided by the system. More effort is needed to inform health providers and the public about which services are available.

Source: Alberta Health and Wellness Survey (annual). Please refer to Source note to Measure 1.1 for methodology. Albertans are asked: "In general, how would you rate your knowledge of the health services that are available to you? Would you say: excellent, good, fair or poor?" The measure is the per cent who respond "excellent" or "good".

Measure 3.2 Public ratings of the quality of the health system

The per cent of Albertans who rate the health system "excellent" or "good."

Target (2003) = 70 per cent

Rationale: Albertans expect high standards for Alberta's health system. Alberta Health and Wellness, through its leadership role, is responsible for the policy and legislation that maintains and improves the health system. Good leadership and direction should lead to public confidence that the health system is working well to provide needed health services.

Results:

Measure	1997	1998	1999	2000	2001	Target 2003
Overall rating of the health system (% responding *good* or *excellent*)	60	56	57	63	68	70

Source: Alberta Health Survey, 1997– 2001.

Discussion: Overall public ratings of the health system have improved in recent years. These more positive public ratings may be due to greater familiarity with the system, and improved management of the system. Over the past several years, targeted funding has been directed to parts of the health system needing more resources (e.g., heart surgery, physicians, nurses, long term care), and this approach may have had a positive effect on these public ratings.

Source: Alberta Health and Wellness Survey (annual). Please refer to Source note to Measure 1.1 for methodology. Albertans are asked: "Thinking now about the health care system in Alberta, overall, how would you rate it? Would you say it is excellent, good, fair, or poor?" The measure is the per cent who respond "excellent" or "good".

Measure 3.3 Quality of health system information

Ministry stakeholder ratings of the quality of health system information and information management.

Target (2002/2003) = improvement

Rationale: Appropriate decision making for the health system requires the right information at the right time. Alberta Health and Wellness has the overall responsibility to ensure the quality and management of information for the health system.

Results:

	2000	**Target 2002/2003**
Stakeholder rating of department performance on gathering, managing and sharing information (% responding ***good*** or better).	60	**Improvement**

Source: The Assessment of the Performance of Alberta Health and Wellness by its Stakeholders, October 2000.

Discussion: 60 per cent of stakeholders reported that the department was "good" or better in gathering, managing and sharing information. There is the need for improvement in this area.

Source: The Assessment of the Performance of Alberta Health and Wellness by its Stakeholders, KPMG, October 2000.

The survey was conducted through face-to-face and telephone interviews with 89 individuals (of 93 invited to participate), representing health authorities (CEOs and executive level), other government departments, selected health professional organizations and other agencies. The interviews were conducted between June and August 2000. KPMG was contracted to conduct the interviews and prepare the report.

The measure is the average per cent responding "good" or better to three questions concerning the department's performance in gathering, managing and sharing information: overall performance, communication and consultation, and leadership in relation to this activity area.

Goal 4: To optimize the effectiveness of the Ministry

To be as effective and efficient as possible in the service of its mission, the Ministry must keep pace with new knowledge and use its human, financial and technological resources in an optimal fashion.

Actions and Achievements

Action: **Enhanced information sharing about communicable diseases.**

Achievement:

- A new communicable diseases reporting system was completed in 2000. It will enhance reporting and information sharing on notifiable diseases, HIV/AIDS, adverse reactions to immunization, sexually transmitted diseases and tuberculosis.

Action: **Continued to update information technology plans and projects.**

Achievements:

- The department participated in many government-wide information technology initiatives that offer co-ordination and business efficiencies.
- The information strategic plan was updated to reflect priorities for 2000/2001 including an enhanced central stakeholder registry system, an immunization adverse reaction reporting system, as well as tools to better present data to decision makers.
- Implementation of many priorities led to advances in such areas as continuing care, sexually transmitted diseases, Alberta Blue Cross drug coverage and pandemic influenza planning.
- A concise, easy-to-use information resource catalogue was developed to broaden data awareness and understanding, and minimize redundancy of additional data requests.

Action: **Involved employees in inter-governmental projects that offer efficiencies and standards.**

Achievements:

- 51 Alberta Health and Wellness employees joined the new Alberta Corporate Services Centre, through which transactional and professional human resources, administrative, finance and information technology services are shared.
- Participation in the Corporate Human Resource Development Strategy linked individual employees' performance with department goals. Use of learning plans also increased by 20 per cent.
- Improvements resulted from involvement in numerous cooperative initiatives with other departments, nationally and provincial agencies such as **alberta we//net** and regional health authorities.

Action: **Made improvements to the *Alberta Health Care Insurance Regulation* and administration.**

Achievements:

- Revisions to the Regulation provided more flexibility to Albertans who temporarily leave the province for extended periods.
- Streamlined processes provided clearer direction for administering coverage for such individuals as released armed forces personnel, newcomers to the province, newborns and adoptions.

Key Performance Measures and Results

Measure 4.1 Stakeholder ratings of Ministry effectiveness and performance

Ministry stakeholder ratings of quality of services provided by Alberta Health & Wellness.

Target (2002/2003) = improvement

Rationale: Alberta Health and Wellness is the government department with the responsibility to "lead and work collaboratively" with health system stakeholders in order to improve and maintain the quality of health services and the health system.

Results:

	2000	Target 2002/2003
Stakeholder rating of department on overall performance in nine activity/function areas (% responding ***good*** or better).	70	**Improvement**

Source: The Assessment of the Performance of Alberta Health and Wellness by its Stakeholders; October 2000.

Discussion: 70 per cent report that performance was "good", "very good" or "excellent". Results indicate there is room for improvement in most department activity/function areas.

Source: The Assessment of the Performance of Alberta Health and Wellness by its Stakeholders; KPMG: October 2000.

(Please refer to *Source* note to Measure 3.3 for methodology).

The measure is the average per cent responding "good" or better to the question: "Overall, in your experience, how well does the Department carry out this activity or function?" Respondents were asked to rate performance in nine activity or function areas.

Measure 4.2 Quality of service provided by registry and client information service

Client ratings of quality of service received.

Target (2002/2003) = improvement

Rationale: Customer Services and Registration Branch is a primary link between the public and Alberta Health Care Insurance Plan, providing information on health service claims and coverage and responding to general enquiries. The department is committed to the Service Excellence Framework, a cross-government initiative to find ways to provide excellent service to Albertans and all other clients of government.

Results:

	1999/2000	2000/2001	Target 2002/2003
Client satisfaction with service provided by Registry and Client Information Services, Alberta Health and Wellness. (% responding ***satisfied or very satisfied*** [4,5,6 or 7] on a 7-point scale).	86	Data not available	**Improvement**

Source: Customer Services and Registration Branch Client Satisfaction Survey, June 2000. The 2001 survey was not completed at time of publication.

Discussion: These 1999/2000 results indicate Albertans who receive registry and information services from Alberta Health and Wellness are mostly very satisfied with the services provided.

Source: Registry & Client Information Services Survey (June 2000) conducted by KPMG.

The survey covered the areas of document processing and telephone enquiries. A total of 1000 clients were interviewed, 500 each from document processing and telephone enquiries. The margin of error for the sample size of 500 is within 4 per cent, 19 times out of 20. The results of the 2001 survey are not available at this time.

Future Challenges

Optimizing the health and well-being of Albertans requires a balance be maintained between services aimed at diagnosing and treating illness, and initiatives focused on promoting wellness and preventing injury and disease. What balance is appropriate and feasible will be an evolving target. It will depend on population demographics, emerging technological capacity, public expectations, priorities established and choices made, and resources available.

These factors are inter-related. Expectations are heightened by technological advances and service intensity is higher among older age groups. While technology can allow better diagnosis and treatment, it can also be used to inform and educate as well as promote and prevent. To sustain the public health system, costs must not exceed revenues.

The challenge is to design a flexible system that responds to emerging needs in the most effective and efficient fashion.

First and foremost, all citizens must be supported in staying well for as long as possible. Second, for those who need care, the service delivery system should be as effective and efficient as possible at ensuring access and rendering treatment.

The transition from the traditional illness orientation to a wellness orientation is difficult, even though considerable evidence in support of the shift is available. In the short-term, the capacity for diagnosis and treatment must be maintained while the infrastructure for effective prevention and promotion at the population level is established. In the long-term, the rate of growth in illness expenses will subside. In the interim, investments must support this transition to a different balance and a more sustainable system. As our information capacity develops, performance measurement will evolve to have a greater focus on outcomes and to support the new direction.

This shift in orientation and behaviour requires collaboration among key stakeholders and public support. All parties have an essential role to play. All share in the responsibility for making progress. Most of the essential building blocks have been put in place or are under development. The creation and implementation of an integrated strategy, perhaps focused on the point of first contact between citizens and their health system, will be Alberta Health and Wellness' principal approach to address the challenge.

In support of and complementary to the vision and goals of the Ministry, the following organizations carry out their mission and conduct their businesses. More detail is available from their individual annual reports, available directly from their offices.

Alberta Alcohol and Drug Abuse Commission (AADAC)[1]

Mission: To assist Albertans in achieving freedom from the abuse of alcohol, other drugs and gambling.

Businesses:

- **Prevention:** Provision of a range of alcohol, other drug and problem gambling prevention services including community-based education and early intervention programs.
- **Treatment:** Provision of a range of alcohol, other drug and problem gambling treatment services including community outpatient counselling and day treatment, short and long term residential treatment, crisis and detoxification, and specialized treatment (youth, women, Aboriginal people, business and industry, opiate dependency and cocaine).
- **Information:** Provision of accurate and current information on issues, trends and research regarding alcohol, other drug and gambling problems.

Results Achieved

Strategy: **Participate in cross-government initiatives in a manner appropriate to AADAC's businesses and goals.**

Achievements:

- AADAC co-chaired the Alberta Partnership on Fetal Alcohol Syndrome (FAS) providing leadership and direction in the completion of the 2000/2001 FAS action plan. Results included AADAC's leadership and contribution cited as excellent in an independent evaluation report. The *Born Free* public awareness campaign, in which 58 Boston Pizza locations participated, received positive evaluation. AADAC also participated in planning the FAS Inter-provincial conference held in Winnipeg in May 2000, which was attended by 700 delegates.
- AADAC participated on the provincial committee overseeing Phase 2 of the implementation of *Protection of Children Involved in Prostitution Act.* AADAC provided consultation regarding assessment and access to addiction treatment in support of community PChIP initiatives.
- In conjunction with other Ministries, AADAC helped develop an Alberta Children's Ministerial Request that resulted in $10.4 million in new funding for the Initiative. This included $1.4 million to AADAC

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[1] More detail is available from the Alberta Alcohol and Drug Commission Annual Report 2000/2001.

for substance abuse prevention and treatment initiatives for youth at risk. AADAC established mobile treatment teams in six communities; developed a multi-media public awareness campaign targeting youth and their key influencers; launched a website for youth aged 9-13; established a youth advisory council; and pilot tested a province-wide, toll-free Help Line for crisis intervention and information.

- AADAC continued to be represented on the Interdepartmental Committee for Aboriginal Affairs. Initiatives consistent with the Alberta Aboriginal Policy Framework were implemented at the local level. An inventory of AADAC services for Aboriginal people was completed along with an action plan for enhanced services.
- AADAC identified implications for the delivery of addictions treatment, prevention and information services targeted to seniors following a review of the findings from the *Impact of Aging Study*. AADAC also completed an exploratory study on *Seniors and Gambling* that was publicly released in December 2000.

Strategy: **Address substance abuse and problem gambling issues and needs of Albertans through enhancement of AADAC core services.**

Achievements:

- Space was identified and planning is underway for opening two new AADAC Area Offices in Wetaskiwin and Canmore in 2001.
- AADAC provided continued support to the Alberta Tobacco Reduction Alliance as a member of the Board of Directors, through corporate financial contribution, and by providing representation on three subcommittees addressing smoking cessation, youth (advocacy and awareness), and research.
- AADAC established a contract with an external researcher to evaluate the pilot of home detoxification services in Medicine Hat.
- AADAC continued to build on the resiliency campaign themes of previous years. In partnership with Community Development and Agriculture, two television commercials were developed and aired during the Summer Olympic Games. A video called *Faces of Reality* that focuses on youth and recovery was developed in collaboration with the Canadian Association of Distillers.
- In conjunction with the Gaming Ministry and other stakeholders, several gambling initiatives were implemented to increase awareness of problem gambling. Some initiatives included: providing server intervention training for 20 gaming venues across Alberta (80% of participants found the training useful); a contract with two non-profit agencies to deliver educational sessions in schools; and development of an Adolescent Early Intervention package (on gambling and other addiction issues) for use by referral agencies.
- AADAC collaborated with Alberta Health and Wellness and other partners to address HIV/injection drug use. The Commission was active in the Non-Prescription Needle Use (NPNU) consortium through developing an action plan and contributing to the

development of the Harm Reduction Kit currently being distributed throughout the province. AADAC also launched a partnership with the Capital Health Authority to provide a system of integrated services to injection drug users in Edmonton's inner city.

- AADAC and Alberta Human Resources and Employment developed and approved plans for staff training, promotion of agency services, and refined protocols for mutual client case management.
- AADAC and the Canadian Centre of Substance Abuse co-hosted the Third International Symposium on the Economic and Social Costs of Substance Abuse (Banff, May 2000) that was attended by 38 experts in the economic and/or addictions fields.

Key Performance Measures and Results

Measure 1.7 (a) **Client Access - ensure reasonable access to local, regional and provincial services**

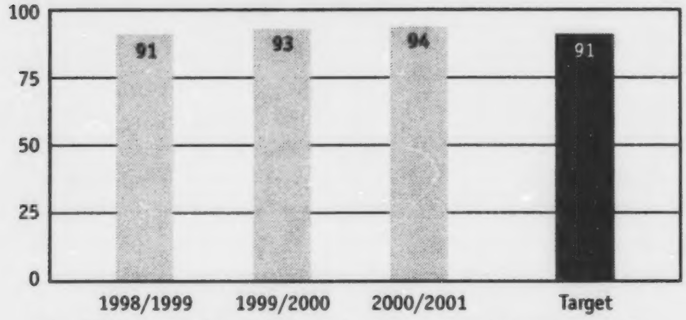
The percentage of clients who find "no difficulty" in accessing AADAC treatment and prevention services.

Target (2000/2003) = maintain at or above 91 per cent

Rationale: Client and community access to services increases the likelihood of positive outcomes. AADAC believes that clients should have access to basic services in their home communities. More specialized services are available in fewer locations and may require travel outside the individual's community.

Results:

Figure 1: AADAC client access



% of clients reporting no difficulty in gaining access to treatment service
Source: AADAC

Discussion: As shown in Figure 1, the target for access to treatment was exceeded, as the level of clients reporting 'no difficulty in gaining access to treatment services' was 94 per cent.

Source: A confidential, standardized, self-administered questionnaire was used to gather the data. All clients were asked to fill out the questionnaire during their first treatment session; 24,393 clients were surveyed. Three treatment sites were excluded from sampling as part of information system re-development.

Measure 1.7 (b) **Service Effectiveness - ensure that services facilitate clients' success in achieving their goals**

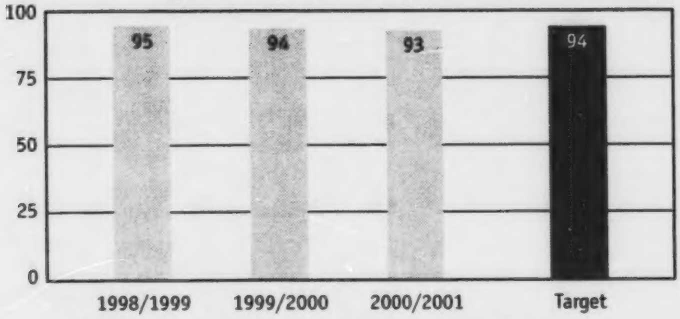
The percentage of clients abstinent or improved at three months after treatment.

Target (2000/2003) = maintain at or above 94 per cent

Rationale: AADAC has a continuum of programs available that can appropriately address the specific needs of the client. Treatment programs need to be continually monitored to ensure they are providing optimum benefit.

Results:

Figure 2: AADAC service effectiveness



% of clients reporting 'abstinent or improved' after treatment
Source: AADAC

Discussion: As shown in Figure 2, treatment effectiveness was within one per cent of the target with 93 per cent of clients reporting 'abstinent or improved' after treatment.

Source: Service effectiveness was assessed using follow-up telephone interviews. Clients entering residential and outpatient treatment programs were eligible for interview selection. A systematic sample of clients was interviewed for post-treatment outcomes (n = 1,192) three months following treatment. Based on annual client admissions, sample quotas were assigned to each treatment type. For eleven months, April 2000 through August 2000 and October 2000 through March 2001, one-eleventh of the annual quota was selected for follow-up interviews. Three treatment sites were excluded from sampling as part of information system re-development. A private research contractor conducted the follow-up interviews with clients, with a response rate of 40.0 per cent. The margin of error is 2.8 per cent, 19 times out of 20.

Future Challenges

An ongoing challenge for AADAC in recent years and for the future is our capacity to respond to increased service demands. Compared to prior years, urban and rural service demands have changed. Alberta's population has grown and increasingly clients' addictions issues are more complicated with concurrent conditions related to mental health, FAS/FAE, HIV and Hepatitis C. Our challenge is to be responsive to client and community needs, taking advantage of collaborative opportunities but remaining focused on our core businesses.

A continuing concern is youth; especially youth at risk for developing addictions problems. AADAC will continue to invest its prevention, treatment and information/research resources in children and youth offering a range of appropriate services that meet their particular needs.

Another challenge is for AADAC to be innovative in its service response. Some client groups do not readily access services through the usual routes and AADAC needs to be open to alternative ways to deliver programming. For example, with problem gambling there is a continuing need to enhance public awareness of problem gambling as an issue and to provide new ways to access and deliver treatment services that encourage people with problems to seek early intervention.

Addiction problems do not occur in isolation. There is a growing recognition that effective treatment, prevention, and information services play an important role in sustaining the individual, the community, and the economy. To have a positive widespread impact, AADAC will need to continue to work collaboratively with other partners and to link effectively to other service systems of other government departments (e.g., education, health).

Persons with Developmental Disabilities (PDD) Provincial Board

Mission: To lead the creation of an Alberta that includes adults with developmental disabilities in community life.

Businesses:

- To develop, maintain and deliver quality programs and services to support persons with developmental disabilities.
- To promote the inclusion of persons with disabilities in community life.
- To ensure the community governance system is responsive to individuals with developmental disabilities, their families/guardians and their community.

Results Achieved

Action: **Responded to *Building Better Bridges: The Final Report on the Programs and Services in Support of Persons with Developmental Disabilities.***

Achievements:

- Reviews by the PDD Board, Alberta Health and Wellness and other stakeholders identified a need for Minister's approval and financial support for recommendations outside the existing business plan.
- Government approval delays limited activity on several issues involving policy, finance or governance.

Action: **Supported projects that enhanced the quality of life for persons with developmental disabilities**

Achievements:

- *Creating Excellence Together* quality of life standards were implemented for PDD-funded community service providers. 37 service providers were certified on the standards in 2000/2001.
- PDD finalized principles and recommendations for determining individual support needs.

- Information resources were developed or enhanced, including planning guides, resource directories and newsletters, workshops for individuals and families/guardians, and internet-based information resources. This will ensure individuals and families/guardians can make informed decisions about the services they require to live quality lives.
- PDD moved closer to developing seamless supports and services for individuals with developmental disabilities through co-operation, collaboration and formal partnerships with other local authorities.

Action: **Supported projects and research into developmental disability issues.**

Achievements:

- The PDD Foundation Board funded $250,000 in grants for capital, research and pilot projects to enhance quality of life of adults with developmental disabilities.
- The Board approved an innovative research policy that will promote research for and by persons with developmental disabilities.

Action: **Strengthened community governance for persons with developmental disabilities.**

Achievements:

- Community and Facility Boards implemented multi-faceted strategies to increase opportunities for families/guardians and the broader community to provide direction on PDD initiatives.

Key Performance Measures and Results

The Persons with Developmental Disabilities Alberta Provincial Board monitors progress and results with a number of key measures. The following two are included in the Alberta Health and Wellness Annual Report.

1. **Measure: Percentage of persons with developmental disabilities experiencing an enhanced quality of life.**

Target (2002/2003) = 85 per cent

PDD Business Plan Goal: Outcomes for individuals with developmental disabilities will improve.

Rationale:
PDD provides a range of supports to individuals with developmental disabilities, including living, employment and community access supports. Ensuring the quality of life for individuals who receive supports from PDD is fundamental to the achievement of the Vision and Mission of the PDD Provincial Board. Further, the Board believes that outcomes for individuals form the basis of accountability. Therefore, in order to promote service excellence the Board expects all service providers to meet standards that directly measure the outcomes or quality of life of those individuals who receive service. The standards used to evaluate PDD-funded service providers are the new Alberta Association of Rehabilitation Centres (AARC) *Creating Excellence Together* (*CET*) Standards.

Results and Discussion:

In 2000/2001, the first full year of implementation of the *CET* Certification Standards, 48 service providers were reviewed through this process. The method for calculating Quality of Life survey results is currently being refined and benchmarks established. Because further analysis is required, the PDD Board will not publish data for this measure until the 2001/2002 PDD Annual Report.

Data Source:

Every service provider funded by PDD is required to maintain AARC *Creating Excellence Together* Certification. Certification Reviews, conducted by AARC-trained surveyor teams, are completed for each funded service provider every three years. Quality of life of individuals supported by PDD-funded service providers is assessed as part of every AARC *CET* Certification Survey. The CET standards include 12 Quality of Life Standards that address:

- Choices and Decision Making
- Personal Control
- Community Inclusion
- Work and Community Options
- Leisure
- Health and Safety

In each service provider certification survey the quality of life for a sample of individuals supported by the service provider is assessed by the survey team. This is done through conversations with the individuals and with others close to them including their family or guardian, friends and support staff.

The data from the Quality of Life Standards accumulated annually for all the service providers who participated in a Certification Review will provide the information for the Quality of Life key measure for that fiscal year.

2. **Measure: Percentage of persons with developmental disabilities satisfied with their role in planning and their access to information.**

Target (2001/2002) = 85 per cent

Rationale:

The percentage of persons receiving services and their families/guardians who are satisfied with key aspects of planning their services and access to service information provides an indication that support for quality living is being provided.

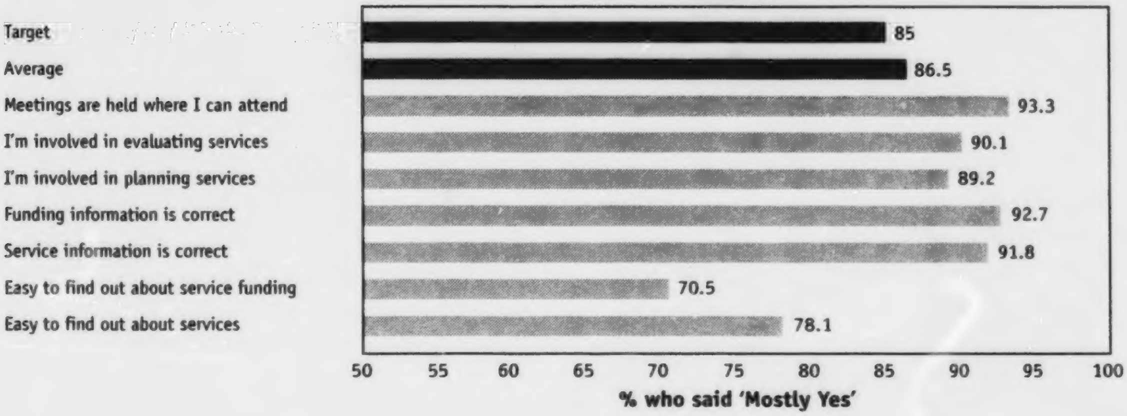
Results:

Results are calculated separately for the consumers and family/guardians surveyed because the surveys were structured differently, to better meet the respective needs of the two respondent groups.

Service consumers

The percentage of consumers surveyed who responded “mostly yes” to survey questions linked to service planning and information, was 86 per cent, calculated on an average of the seven survey questions linked to this items. A large number of respondents indicated that meetings were held at times that were convenient for them (93.3 per cent) and that they were involved in both planning (89.2 per cent) and evaluating (90.1 per cent) their services. Consumers also expressed confidence that information they received on services (91.8 per cent) and on service funding (92.7 per cent) was correct.

Chart 1: Service Information and Planning Consumers

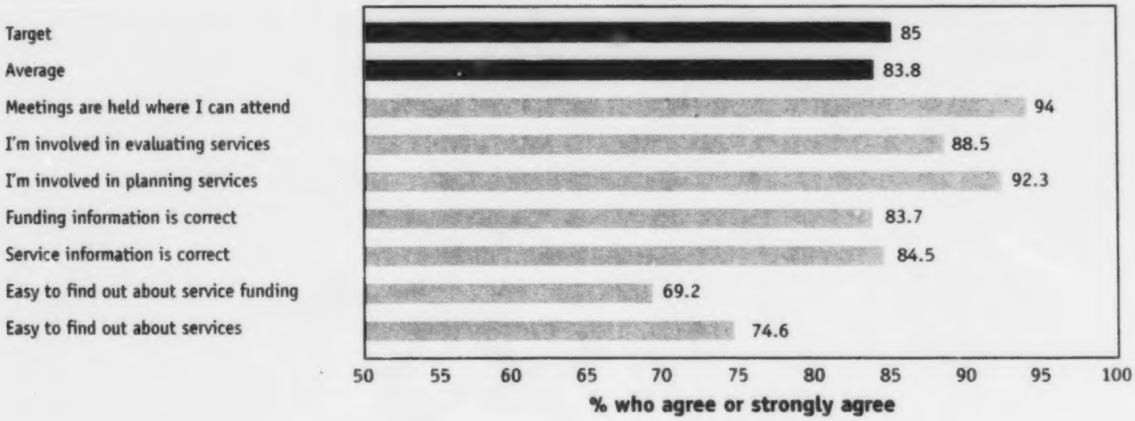


Families/guardians

The percentage of family members and guardians surveyed who reported they were satisfied or very satisfied with service planning and information, based on the average score for the seven survey questions linked to this area, was 83.8 per cent.

Satisfaction with involvement in planning was high (92.3 per cent) and 94.0 per cent felt that meetings were held when they could attend. 84.5 per cent believed that service information was accurate, and 83.7 per cent believed information about funding was accurate.

Chart 2: Service Information and Planning Families/Guardians



Discussion:

The 2001 satisfaction ratings were compared with the 1999 satisfaction ratings to determine the areas of greatest change. While it appears that satisfaction has increased, direct comparisons between the two years cannot be made. The amount reported in 1999 is not comparable for 2 reasons:

- In the 1999 Survey only an average was provided and not every question was detailed. The average was based on 8 questions, vs. in the current year the average is based on 7 questions.
- In the 1999 Survey a 4 point scale was used "strongly disagree/ disagree/ agree/ strongly agree". In the current year a 2 point scale was used "mostly yes/mostly no".

However, for all items where comparisons could be made for service consumers, 2001 ratings were either consistent with 1999 ratings or better. The greatest change for service consumers was in the area of involvement in planning their services. In 1999, 73.9 per cent indicated that they got to help plan their services. In 2001, 89.2 per cent were involved in service planning. Significant gains were also made in the area of confidence in the accuracy of service information and service funding information.

Based on the 1999 results, the PDD boards made plans to address areas of lower satisfaction, which included making service changes easier, developing better information on services and funding, and encouraging more involvement in planning. It appears that the PDD board initiatives have been helpful, although additional efforts are required to fully address some of the more challenging issues.

The PDD Provincial Board has established a target of 85 per cent satisfaction for both consumers and family members and guardians by 2001/2002. The current results indicate that the PDD Provincial Boards will achieve their target.

Data Source(s): PDD conducts a Satisfaction Survey with people receiving services and their families/guardians every two years (starting in 1998/99 fiscal year). In January, 2001, the survey was mailed to 5,928 PDD service consumers and 4,442 family members and guardians associated with them. A total of 1,195 consumer surveys and 902 family/guardian surveys—20 per cent of each group—were returned.

Overall, the 2001 data are considered accurate within a margin of +/- 2.8 per cent for the consumer surveys, and +/- 3.3 per cent for family/guardian surveys, 19 times out of 20.

Future Challenges

- In the first quarter of the 2001/2002 fiscal year, the provincial government approved strategic directions that addressed the remaining recommendations in the *Building Better Bridges* report. In the 2001/2002 fiscal year, the PDD Provincial Board will see the winding down of the Foundation and Facility Boards. Governance of Michener Centre will be transferred to the Central Alberta Community Board.
- The Provincial Board will be developing strategies to respond to business plan priorities: expanding community living options for adults with developmental disabilities, developing more community employment for adults with developmental disabilities, and supporting and strengthening the PDD community service provider workforce.

- The PDD Board looks forward to working with a new government department, Alberta Community Development, in achieving its vision and mission.

Financial Results

PDD operated within available resources and ended the year showing a small surplus. For additional financial information please refer to PDD's financial statements.

Premier's Council on the Status of Persons with Disabilities

Mission: To champion significant improvements in the status of Albertans with disabilities.

Businesses:

- **Policy Development:** Contributing to the development of public sector legislation, policies, outcomes and targets pertaining to the needs of persons with disabilities, reporting progress towards outcomes and facilitating co-ordination of related programs and services.
- **Advocacy:** Informing and influencing key decision-makers on issues of interest to persons with disabilities. Addressing and reducing systemic barriers that impede the rights and opportunities of Albertans with disabilities
- **Evaluation:** Developing standards for and monitoring the performance of the support system for Albertans with disabilities, and recommending systemic improvement.

Results Achieved

Business: **Contribute to the development of public sector legislation, policies, outcomes and targets pertaining to the needs of persons with disabilities, reporting progress towards outcomes and facilitating co-ordination of related programs and services.**

Achievements:

- The Council drafted the *Disability Lens* to assist mainstream government programs to assess how their activities will affect people with disabilities.
- *Full Citizenship: Alberta's Disability Strategy Interim Report* was released with 65 policy recommendations, based on extensive community and governmental consultation.
- The Council established the Aboriginal Disability Advisory Committee to review previous reports and provide input into Alberta's Disability Strategy.
- Representatives participated in the development of the Brain Injury Action Plan.
- Council participated in the Review of Special Education in Alberta.

- Work took place with the Champions of Workplace Diversity Consortium to develop a comprehensive employment service for persons with disabilities in Calgary.
- Council participated in the Interdepartmental Committee on Employability Supports for Persons with Disabilities.
- Members participated on the RHA Joint Business Planning Committee.
- Council participated in the Aboriginal Policy Initiative cross-ministerial committee.

Business: **Inform and influence key decision-makers on issues of interest to persons with disabilities. Address and reduce systemic barriers that impede the rights and opportunities of Albertans with disabilities.**

Achievements:

- The Council worked with the Alberta Disabilities Forum to develop four policy proposals to improve access to home care.
- Recommendations for improved services for adults and children with mental illness resulted from collaboration with the Alberta Alliance on Mental Health and Mental Illness.
- Representatives consulted with Alberta Health and Wellness, Alberta Human Resources and Employment, Infrastructure, Children's Services, and other government ministries concerning their programs and policies towards persons with disabilities.
- The Council participated in the Alberta Partnership on Fetal Alcohol Syndrome.
- Co-operation with the Intersectoral/Interdepartmental Stakeholder Committee resulted in recommendations regarding the urgent need for deaf and deaf/blind interpreter services.
- The Council published *Connections: A Guide to Programs, Services and Resources for Albertans with Disabilities.*
- Council participated in the Minister's Employability Council.

Business: **Develop standards for and monitor the performance of the support system for Albertans with disabilities, and recommend systemic improvement.**

Achievements:

- The Council produced draft outcomes and indicators based on consultations with the disability community.
- A program audit tool was developed to assess disability programs against common standards.

Key Performance Measures and Results

The performance measure "percent of stakeholders who rate their familiarity with the Council and its work as *high* or *very high*" is currently under review by the Council. There are no results from this measure to report in 2000/2001.

Future Challenges

In the coming year, the Premier's Council on the Status of Persons with Disabilities will be seeking endorsement of Alberta's Disability Strategy. This will begin the process of creating a co-ordinated and comprehensive system of support for persons with disabilities. The Council's legislated mandate expires in 2003. The Council will begin discussions with persons with disabilities, government and community groups to ask what needs to be done to ensure "significant improvement in the status of persons with disabilities" now and in the future.

Financial Information

Ministry of Health and Wellness

Consolidated Financial Statements

March 31, 2001

MINISTRY OF HEALTH AND WELLNESS

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2001

Auditor's Report

Consolidated Statement of Operations

Consolidated Statement of Financial Position

Consolidated Statement of Changes in Financial Position

Notes to the Consolidated Financial Statements

Schedule 1 – Consolidated Revenues

Schedule 2 – Consolidated Dedicated Revenue Initiatives

Schedule 3 – Consolidated Expense Directly Incurred Detailed by Object

Schedule 4 – Consolidated Budget

Schedule 5 – Related Party Transactions

Schedule 6 – Allocated Costs

AUDITOR
GENERAL
Alberta

AUDITOR'S REPORT

To the Members of the Legislative Assembly

I have audited the consolidated statement of financial position of the Ministry of Health and Wellness as at March 31, 2001 and the consolidated statements of operations and changes in financial position for the year then ended. These financial statements are the responsibility of the management of the Ministry. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Ministry of Health and Wellness is required to follow the corporate government accounting policies and reporting practices as disclosed in Note 2. These accounting policies have been established by Alberta Treasury and are consistent across ministries. The following items are exceptions from Canadian generally accepted accounting principles that arise from following the accounting policies established by Alberta Treasury:

Reporting entity

The consolidated financial statements for the Ministry of Health and Wellness (the "reporting entity") do not include the results of operations and net assets of regional health authorities and Provincial health boards as referred to in Note 2(a). Exclusion of the regional health authorities and the Provincial health boards from the reporting entity is an exception from Canadian generally accepted accounting principles. These principles provide for the inclusion of the results of operations and net assets of organizations that are accountable for the administration of their financial affairs and resources either to a minister of the government or directly to the Legislature, and are owned or controlled by the government. In my opinion, the above noted organizations meet the criteria for inclusion in the reporting entity and, accordingly, the results of operations and net assets of these organizations should be included in the accompanying financial statements.

The following describes, at a summary level, the effect of not including regional health authorities and Provincial health boards in the accompanying financial statements and is intended to illustrate the overall magnitude of the effect on the financial statements. If these entities had been included in the financial statements, the total assets would increase by approximately $3,578 million and total liabilities would increase by approximately $2,825 million as at March 31, 2001, resulting in an increase of approximately $753 million in net assets. Similarly, there would be an increase in revenue of approximately $637 million and an increase in expenses of approximately $526 million for the year ended March 31, 2001, resulting in a decrease in the excess of expenses over revenues of approximately $111 million. Had consolidated financial statements been prepared, virtually every account in, and the information provided by way of note to, the accompanying financial statements would have been materially different.

Related Party Transactions

As the corporate government accounting policies followed stipulate that related parties include only those organizations that are part of the government reporting entity, transactions with the regional health authorities and Provincial health boards are not disclosed in these financial statements as transactions with related parties. Under Canadian generally accepted accounting principles, the regional health authorities and Provincial health boards are related parties of the Ministry of Health and Wellness. Since their net assets, revenues and expenses have not been included in these financial statements, a description of the nature and extent of the Ministry's transactions with them should have been included in Schedule 5, Related Party Transactions.

Capital Assets

The Ministry employs a policy of expensing capital asset purchases under $15,000 in the year of acquisition. Consequently, a significant amount of resources available to the Ministry for future use has been recorded as if it had been consumed. It is estimated that at March 31, 2001, assets are understated and net liabilities are overstated by approximately $35 million representing the unconsumed cost of capital assets at that date.

If capital asset purchases expensed on acquisition in the current year and previous years had instead been capitalized, amortization on these assets would have been included as expenses of the current year. As the value of capital asset purchases that were expensed in the current year is greater than the amount that would have been recorded as amortization expense, expenses are overstated for the year ended March 31, 2001 by approximately $6 million.

In my opinion, because of the effects of the matters discussed under the Reporting Entity heading in the preceding section, these consolidated financial statements do not present fairly the financial position of the Ministry as at March 31, 2001 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Consolidated expenses include payments made by Persons with Developmental Disabilities Boards for the provision of services to individuals whose disability did not meet the definition of a developmental disability as defined in the *Persons with Developmental Disabilities Community Governance Act*. Accordingly, expenses, estimated at $4.5 million, related to the care of these individuals do not comply with the Act.

Peter Valentine FCA
Auditor General

Edmonton, Alberta
May 23, 2001

MINISTRY OF HEALTH AND WELLNESS
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2001
(thousand of dollars)

	2001		2000
	Budget (Schedule 4)	Actual	Actual
Revenues (Schedules 1 and 2)			
Internal Government Transfers	$ 127,528	$ 127,528	$ 109,643
Transfer from the Government of Canada	661,039	890,992	687,659
Premiums and Fees	682,369	702,781	676,101
Other Revenue	55,452	61,311	52,886
	1,526,388	1,782,612	1,526,289
Expenses - Directly Incurred (Note 2c and Schedules 3 and 6)			
Program			
Regional Health Authorities and Health Boards	3,041,137	3,292,585	2,840,658
Physician Services	1,042,569	1,070,907	994,810
Services to Persons with Developmental Disabilities	320,881	333,726	293,508
Province-Wide Services	303,963	320,466	257,188
Blue Cross Benefit Program	281,219	309,769	261,097
Protection, Promotion, and Prevention	168,643	158,663	143,802
Other Programs	183,454	134,260	106,193
Ministry Support Services	88,249	90,516	71,736
Human Tissue and Blood Services	90,016	90,016	81,312
Allied Health Services	57,935	60,522	54,863
Extended Health Benefits	21,055	21,360	20,114
Systems Development	23,329	18,179	23,408
One-Time Financial Assistance to Health Authorities	-	8,892	215,676
Premier's Council on the Status of Persons with Disabilities	680	632	624
Premier's Advisory Council on Health	250	144	-
Sterilization Claims Settlements	-	-	63,472
Year 2000 Compliance	-	-	17,002
Healthy Aging Partnership	-	-	10,000
	5,623,380	5,910,637	5,455,463
Valuation Adjustments			
Health Care Insurance Premiums Revenue Write-Offs	28,648	44,066	29,694
Provision for Vacation Pay	602	890	(1,148)
	29,250	44,956	28,546
Loss on Disposal and Write Down of Capital Assets	-	-	1,111
Total Expenses	5,652,630	5,955,593	5,485,120
Net Operating Results	$ (4,126,242)	$ (4,172,981)	$ (3,958,831)

The accompanying notes and schedules are part of these consolidated financial statements.

MINISTRY OF HEALTH AND WELLNESS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2001
(thousand of dollars)

	2001	2000
ASSETS		
Cash (Note 3)	$ 23,171	$ (6,918)
Investments (Note 4)	2,804	2,565
Accounts Receivable, Travel Advances and Inventory (Note 5)	180,074	187,698
Capital Assets (Note 6)	8,335	6,088
	$ 214,384	$ 189,433
LIABILITIES		
Accounts Payable and Accrued Liabilities (Note 7)	$ 300,448	$ 282,193
Deferred Contributions	-	214
Unearned Revenue (Note 8)	267,940	166,002
	568,388	448,409
NET LIABILITIES		
Net Liabilities at Beginning of Year	(258,976)	(148,985)
Net Operating Results	(4,172,981)	(3,958,831)
Net Transfer from General Revenues	4,077,953	3,848,840
Net Liabilities at End of Year	(354,004)	(258,976)
	$ 214,384	$ 189,433

The accompanying notes and schedules are part of these consolidated financial statements.

MINISTRY OF HEALTH AND WELLNESS
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 2001
(thousands of dollars)

	2001	2000
Operating Transactions		
Net Operating Results	$ (4,172,981)	$ (3,958,831)
Non-cash items:		
Amortization	1,902	702
Loss on Disposal and Write Down of Capital Assets	-	1,111
Health Care Insurance Premiums Revenue Write-Offs	44,066	29,694
Provision for Vacation Pay	890	(1,148)
	(4,126,123)	(3,928,472)
(Increase) in Accounts Receivable, Travel Advances and Inventory	(36,442)	(100,360)
Increase in Accounts Payable and Accrued Liabilities	17,365	22,520
(Decrease) in Deferred Contributions	(214)	(96)
Increase in Unearned Revenue	101,938	144,930
Cash (Used) by Operating Transactions	(4,043,476)	(3,861,478)
Investing Transactions		
Purchases of Capital Assets	(3,608)	(3,960)
Net Transfer of Capital Assets	(541)	-
Purchase of Investments	(239)	(2,565)
Cash (Used) by Investing Transactions	(4,388)	(6,525)
Financing Transactions		
Net Transfer from General Revenues	4,077,953	3,848,840
Net Cash Provided (Used)	30,089	(19,163)
Cash, Beginning of Year	(6,918)	12,245
Cash, End of Year	$ 23,171	$ (6,918)

The accompanying notes and schedules are part of these consolidated financial statements.

MINISTRY OF HEALTH AND WELLNESS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2001

Note 1 Authority and Purpose

The Minister of Health and Wellness (Minister) has, by the *Government Organization Act* and its regulations, been designated responsibilities for various Acts. To fulfil these responsibilities, the Minister is responsible for the organizations listed in Note 2(a). The authority under which each organization operates is also listed in Note 2(a). Together these organizations form the Ministry of Health and Wellness (Ministry).

The purpose of the Ministry is to maintain and improve the health of Albertans by leading and working collaboratively with citizens and stakeholders. The Ministry leads and supports a system for the delivery of quality health services and encourages and supports healthy living.

Through a leadership role, the Ministry sets direction, policy and provincial standards that ensure quality services and set priorities based on health needs, determine the scope of financial, capital and human resources required, and measure and report on the performance of the system. The Ministry is also engaged in inter-ministerial initiatives to effectively address challenges to the health and well-being of the population.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

These consolidated financial statements are prepared in accordance with the following accounting policies that have been established by government for all ministries. The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature, and published financial statements relating to either the public sector or analogous situations in the private sector are used to supplement the recommendations of the Public Sector Accounting Board where it is considered appropriate.

(a) Reporting Entity

The reporting entity is the Ministry of Health and Wellness. The *Government Accountability Act* defines a Ministry as including the Department and any Provincial agency and Crown-controlled organization for which the Minister is responsible.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(a) Reporting Entity (continued)

These consolidated financial statements include the accounts of the following organizations:

Organization	Authority
Department of Health and Wellness	*Government Organization Act*
Alberta Alcohol and Drug Abuse Commission	*Alcohol and Drug Abuse Act*
Persons with Developmental Disabilities Foundation	*Persons with Developmental Disabilities Foundation Act*
Persons with Developmental Disabilities Provincial Board and Community and Facility Boards	*Persons with Developmental Disabilities Community Governance Act*

The accounts of Regional Health Authorities, the Alberta Cancer Board, and the Alberta Mental Health Board are not included in these consolidated financial statements as these accountable organizations are not considered to be part of the Ministry pursuant to Section 1(1)(g) of the *Government Accountability Act*.

(b) Basis of Consolidation

Revenue and expense transactions, investing and finance transactions, and related asset and liability accounts between the consolidated organizations were eliminated upon consolidation.

(c) Basis of Financial Reporting

(i) Revenues

All revenues are reported on the accrual method of accounting. Cash received or receivable for which goods or services have not been provided by year-end is recorded as unearned revenue.

(ii) Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(c) Basis of Financial Reporting (continued)

(iii) Dedicated Revenue

Dedicated revenue initiatives provide a basis for authorizing spending. Dedicated revenues must be shown as credits or recoveries in the details of the Government Estimates for a supply vote.

If actual dedicated revenues are less than budget and total voted expenses are not reduced by an amount sufficient to cover the deficiency in dedicated revenues, the following year's voted expenses are encumbered. If actual dedicated revenues exceed budget, the Ministry may, with the approval of the Treasury Board, use the excess revenue to fund additional expenses on the program. Schedule 2 discloses information on the Ministry's dedicated revenue initiatives.

(iv) Expenses

Directly Incurred

Directly incurred expenses are those costs the Ministry has primary responsibility and accountability for, as reflected in the Government's budget documents.

Directly incurred expenses include:

- amortization of capital assets.
- pension costs which comprise the cost of employer contributions for current service of employees during the year.
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay.

Incurred by Others

Expenses incurred by other entities in support of the Ministry's operations are disclosed in Schedule 6. Expenses incurred by others are not included in the Ministry's statement of operations.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(c) Basis of Financial Reporting (continued)

(v) Assets

Financial assets of the Ministry are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals as well as cash and inventories held for sale.

Assets acquired by right are not included. Capital assets of the Ministry are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $100,000 and the threshold for all other capital assets is $15,000. All land is capitalized.

(vi) Liabilities

Liabilities represent all financial claims payable by the Ministry at fiscal year end.

(vii) Net Liabilities

Net liabilities represents the difference between the value of assets held by the Ministry and its liabilities.

(viii) Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of investments, accounts receivable, inventory, travel advances, accounts payable and accrued liabilities, deferred contributions, and unearned revenue are estimated to approximate their book values.

(ix) Payments under Reciprocal and Other Agreements

The Ministry entered into agreements with other Provincial Governments, the Federal Government and the Workers' Compensation Board to provide services on their behalf.

Expenses incurred and revenue earned in the provision of services under these agreements are recorded in the records of the service providers and are not included in these consolidated financial statements.

Amounts paid and recovered under these agreements are disclosed in Note 11.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(c) Basis of Financial Reporting (continued)

(x) Measurement Uncertainty
(amounts in thousands)

Measurement uncertainty exists when there is a significant variance between the amount recognized in the financial statements and another reasonably possible amount.

The allowance for doubtful accounts, in the amount of $133,827 as reported in these consolidated financial statements, is based on an ageing analysis of the accounts receivable balance at March 31, 2001 and past collection patterns. The actual amount collected could vary from that estimated.

Note 3 Cash

(amounts in thousands)

The cash balance consists of the following:

	2001	2000
Department of Health and Wellness Collectors Bank Account	$ 3,411	$ 2,819
Alberta Alcohol and Drug Abuse Commission Consolidated Cash Investment Trust Fund	3,309	3,397
[a] Persons with Developmental Disabilities Boards Bank Account	16,419	(13,393)
Persons with Developmental Disabilities Foundation Bank Account	25	242
Accountable Advances	7	17
	$ 23,171	$ (6,918)

[a] In March 2000, funds were withdrawn from the Boards' bank accounts to cover payments made on their behalf. The bank accounts were not replenished until April 2000, thus creating the bank overdraft. The Boards did not enter into any lending arrangements or pay interest on this overdraft.

Note 4 Investments

(amounts in thousands)

	2001		2000	
	Cost	Market	Cost	Market
Cash Appropriated for Long Term Use	$ 204	$ 204	$ -	$ -
Mutual Funds				
Bond Fund	2,600	2,601	2,564	2,533
Money Market Fund	-	-	1	1
	$ 2,804	$ 2,805	$ 2,565	$ 2,534

Note 5 Accounts Receivable

(amounts in thousands)

	2001			2000
	Gross Amount	Allowance for Doubtful Accounts	Net Realizeable Value	Net Realizeable Value
Accounts Receivable	$ 311,231	$ 133,827	$ 177,404	$ 180,576
Refunds from Suppliers	2,472	-	2,472	6,954
Travel Advances	15	-	15	17
Inventory	183	-	183	151
	$ 313,901	$ 133,827	$ 180,074	$ 187,698

Accounts receivables are unsecured.

Note 6 Capital Assets

(amounts in thousands)

		2001			2000
	Estimated Useful Life	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment and software	3 - 10 years	$ 16,480	$ 8,666	$ 7,814	$ 5,527
Equipment	10 years	2,509	1,988	521	561
		$ 18,989	$ 10,654	$ 8,335	$ 6,088

Note 7 Accounts Payable and Accrued Liabilities

(amounts in thousands)

	2001	2000
Accounts payable	$ 43,118	$ 47,942
Accrued liabilities	243,617	221,424
Accrued vacation pay	13,713	12,827
	$ 300,448	$ 282,193

Note 8 Unearned Revenue

(amounts in thousands)

	2001	2000
Changes in unearned revenues are as follows:		
Restricted Cash received during the year:		
Health Canada		
Canada Health and Social Transfer - Health Supplement	$ 246,995	$ 336,402
Medical Equipment Trust Fund	97,760	-
Health Care Insurance Premiums	22,095	21,672
Third party recoveries	34	52
Western Health Information Collaborative	358	-
Institution Fees	22	20
	367,264	358,146
Less amounts recognized as revenue in the year	(265,326)	(213,216)
Increase during the year	101,938	144,930
Balance at beginning of year	166,002	21,072
Balance at end of year	$ 267,940	$ 166,002
Balances at end of year are comprised of:		
Health Canada - Canada Health and Social Transfer	$ 196,684	$ 144,258
Health Canada - Medical Equipment Trust Fund	49,042	-
Health Care premiums	22,095	21,672
Third party recoveries	34	52
Western Health Informative Collaborative	63	-
Institution fees	22	20
	$ 267,940	$ 166,002

Note 9 Commitments

(amounts in thousands)

As at March 31, 2001, the Ministry has the following commitments:

	2001	2000
Specific program commitments [(a)]	$ 2,675,612	$ 1,065,520
Service contracts	92,622	54,486
Equipment leases [(b)]	4,398	7,388
	$ 2,772,632	$ 1,127,394

(a) Included in 2001 specific program commitments is an amount of $2,539,700 for the provision of medical services by physicians to March 31, 2003 under the agreement signed with the Alberta Medical Association. Prior year specific program commitments include $934,100 for the provision of medical services to March 31, 2001

(b) The Ministry leases certain equipment under operating leases that expire on various dates. The aggregate amounts payable for the unexpired terms of these leases are as follows:

Year	2001	2000
2001	$ -	$ 4,530
2002	2,078	1,670
2003	1,426	594
2004	672	371
2005	111	112
2006	111	111
	$ 4,398	$ 7,388

Canadian Blood Services

The Province of Alberta, as represented by the Minister of Health and Wellness, has committed to provide funding to the Canadian Blood Services (CBS). This commitment was outlined in a Memorandum of Understanding, signed in January 1998, which recorded the understandings and commitments of the Minister of Health of Canada and the Provincial and Territorial Ministers of Health (except Quebec) regarding their respective roles and responsibilities in a renewed national blood system.

The Province's obligation for the operational costs of CBS is determined on a per capita basis, and the costs for fractionated blood and blood products is determined on the basis of annual utilization of these products.

During the year, payments to CBS amounted to $90,016 (2000 - $81,312). Budgeted expenditure for the 2002 fiscal year is estimated at $100,016.

Note 10 Contingencies

Sexual Sterilization Claims

The Ministry of Health and Wellness, has a contingent liability in respect of 27 claims (2000 - 62 claims) aggregating $18.2 million (2000 - $34 million) relating to the decisions made by the Eugenics Board of Alberta pursuant to the *Sexual Sterilization Act* of 1928, which was repealed in 1972. The ultimate outcome of these claims cannot be determined. A provision for potential losses of $14 million (2000 - $17.7 million) has been made.

Hepatitis C

The Ministry was named as defendant in 53 specific legal actions (2000 - 53 specific legal actions) relating to the Hepatitis C virus affected through the Canadian blood system. The total claimed in 40 specific legal actions, approximates $585 million at March 31, 2001 (2000 - $137 million). For the other 13 claims, no specified amount has yet been claimed; the amount of these claims will be determined at trial. All of these claims are covered by the Alberta Risk Management Fund. Potential liability for these claims is shared by the Canadian Red Cross Society and the federal government. The resulting loss, if any, from these claims cannot be determined.

Federal, provincial and territorial governments have agreed to offer financial assistance to Canadians who were affected by the Hepatitis C virus through the Canadian blood system during the period from January 1, 1986 to July 1, 1990. The financial package of $1.1 billion is national in scope. Alberta's share of the financial assistance package is estimated at $30 million. The details of assistance will be determined through a negotiation process submitted to the courts for approval. The Ministry made a provision in 1999/2000 for its portion of the Hepatitis C assistance. At March 31, 2001, the unpaid balance of the Department's commitment to the financial assistance package was $22,951,000 (2000 - $30,000,000).

Voluntary Hospital Owners

The Ministry is liable under equity agreements entered into in 1969 between the Ministry and Voluntary Hospital Owners. The Ministry's liability is contingent upon termination of the equity agreements and concurrent transfer of ownership to the Province. The payout upon termination is estimated at $25.8 million as at March 31, 2001 (2000 - $22.6 million).

Other

At March 31, 2001, the Ministry was named as defendant in eight other legal actions (2000 - 30 legal actions). The total claimed in these other legal actions approximates $46.4 million (2000 - $33.2 million). Three claims (2000 - fourteen claims) amounting to $3.8 million (2000 - $18.7 million) are covered by the Alberta Risk Management Fund. The resulting loss, if any, from these claims cannot be determined.

Note 11 Payments under Reciprocal and Other Agreements

(amounts in thousands)

The Ministry entered into agreements, under the Alberta Health Care Insurance Plan, with other Provincial Governments and the Workers' Compensation Board to provide health services on their behalf. The Ministry pays service providers for services rendered under the agreements and recovers the amount paid from other provinces and the Workers' Compensation Board. Service providers include Regional Health Authorities, Provincial Health Boards and physicians.

The Ministry has also entered into an agreement with the Federal Government for the Health Transition Fund (Primary Health Care Project) to support the objective of studying and encouraging the further advancement of primary health care in Alberta. In addition, the Ministry entered into agreements with Health Canada, the Workers' Compensation Board and other provincial governments and territories to provide air ambulance services on their behalf. Payments incurred under this agreement are made by the Ministry under authority of the *Financial Administration Act*, Section 29.1 (1).

Balances receivable from or payable to the Federal Government, other Provincial Governments and the Workers' Compensation Board are reflected in the Statement of Financial Position.

	2001					2000
	Health Transition Fund	Other Provincial Government	Workers' Compensation Board	Air Ambulance	Total	Total
Opening receivable balance	$ 2,888	$ 18,234	$ 832	$ 1,876	23,830	$ 15,873
Add: Payments made during the year	1,310	107,275	628	2,747	111,960	107,227
	4,198	125,509	1,460	4,623	135,790	123,100
Less: Collections received during the year	4,271	110,121	1,489	2,184	118,065	99,270
Closing receivable (payable) balance	$ (73)	$ 15,388	$ (29)	$ 2,439	$ 17,725	$ 23,830

Note 12 Pensions

(amounts in thousands)

The Ministry participates in multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Ministry also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $6,004 for the year ended March 31, 2001 (2000 - $5,353).

At December 31, 2000, the Management Employees Pension Plan reported a surplus of $104,658 (1999 - $46,019) and the Public Service Pension Plan reported a surplus of $635,084 (1999 - $517,020). At December 31, 2000, the Supplementary Retirement Plan for Public Service Managers had a surplus of $180 (1999 - $33).

Note 13 Comparative Figures

Certain 2000 figures have been reclassified to conform to the 2001 presentation.

Note 14 Government Restructuring

On March 15, 2001 the government announced new ministry structures. As a result, effective March 19, 2001 the Persons with Developmental Disabilities Boards and Foundation, Michener Centre, and the Premier's Council on the Status of Persons with Disabilities were transferred to the Ministry of Community Development. Responsibility for the Healthy Aging Partnership program was transferred from the Ministry to the Ministry of Seniors.

Since the 2000/2001 fiscal year was substantially completed prior to this announcement, these consolidated financial statements have been prepared as if the restructuring took place on April 1, 2001 to provide proper accountability for the 2000/2001 fiscal year against the original business plan.

Note 15 Approval of Financial Statements

The consolidated financial statements were approved by the Senior Financial Officer and the Deputy Minister.

Schedule 1

MINISTRY OF HEALTH AND WELLNESS
CONSOLIDATED SCHEDULE OF REVENUES
FOR THE YEAR ENDED MARCH 31, 2001
(Thousands of dollars)

	2001		2000
	Budget (Schedule 4)	Actual	Actual
Internal Government Transfers:			
Transfer from the Lottery Fund	$ 127,528	$ 127,528	$ 57,759
Transfer from Community Development	-	-	50,884
Transfer from Children Services	-	-	1,000
	127,528	127,528	109,643
Transfers from the Government of Canada:			
Canada Health and Social Transfer	450,748	643,293	493,074
Canada Health and Social Transfer - Health Supplement	194,068	194,569	192,144
Other	16,223	53,130	2,441
	661,039	890,992	687,659
Premiums and Fees:			
Health care insurance:			
Premiums before premium assistance	645,701	764,472	740,793
Less:			
Premium assistance under legislation	-	(100,028)	(101,974)
	645,701	664,444	638,819
Add:			
Penalties	13,548	15,360	14,043
Interest and miscellaneous	500	476	441
Health care insurance premiums, penalties and interest	659,749	680,280	653,303
Non-Group Blue Cross Benefits:			
Premiums before premium assistance	20,000	22,232	22,403
Less premium assistance	-	(2,202)	(2,247)
Non-Group Blue Cross premiums	20,000	20,030	20,156
Total premiums	679,749	700,310	673,459
Residency fees	900	779	1,185
Other	1,720	1,692	1,457
	682,369	702,781	676,101
Other revenue:			
Third party recoveries	52,595	53,298	47,371
Miscellaneous:			
Previous years' refunds of expenditure	1,600	5,023	2,772
Other	1,257	2,990	2,743
	55,452	61,311	52,886
Total revenue	$ 1,526,388	$ 1,782,612	$ 1,526,289

Schedule 2

MINISTRY OF HEALTH AND WELLNESS
SCHEDULE OF DEDICATED REVENUE INITIATIVES
FOR THE YEAR ENDED MARCH 31, 2001
(thousands of dollars)

	2001		
	Authorized Dedicated Revenues	Actual Dedicated Revenues [a]	(Shortfall)/ Excess
Health Care Insurance Premium Revenue [b]	$ 664,749	$ 680,280	$ 15,531
Non-Group Drug Benefits [c]	20,000	20,030	30
Archival Blood Bank Record Review for Hepatitis C [d]	2,500	1,536	(964)
Western Health Information Collaborative [e]	358	295	(63)
Advisory Committee on Health Infostructure [f]	150	150	-
Health Services for Persons with Hepatitis C [g]	2,700	-	(2,700)
	$ 690,457	$ 702,291	$ 11,834

[a] Revenues from dedicated revenue initiatives are included in the revenues in the Ministry's statement of operations.

[b] Albertans contributed to the cost of health programs through Health Care Insurance Premiums. The levels of premiums paid by an individual or family are based on their ability to pay as defined by income. Expenses associated with this initiative are included in the Statement of Operations under the Physician Services expense classification.

[c] Albertans can access public or private supplemental health insurance coverage. The Department provides non-group Blue Cross coverage on a premium basis for non-seniors. Seniors are provided coverage, but do not pay premiums. Expenses under the Non-Group Drug Benefits initiative represent the expenses incurred to provide Blue Cross services. Expenses associated with this initiative are included in the Statement of Operations under the Blue Cross Benefit Program expense classification.

[d] Health Canada is providing 50 per cent of the funding to contact all persons who received blood transfusions in Alberta for the period January 1, 1986 to July 1, 1990. Those persons will be advised to seek testing and treatment, as they may have been exposed to the Hepatitis C (HCV) virus. Expenses associated with this initiative are included in the Statement of Operations under the Human Tissue and Blood Services expense classification.

[e] As a result of directives from the Deputy Ministers of Health for western Canada, the Health Ministry Chief Information Officers representing the western provinces and territories formed the Western Health Information Collaborative (WHIC). This collaborative is supported through funding received from other western provinces and territories. The collaborative will explore common opportunities that meet western provinces and territories' health information needs and support the strategic directions and initiatives for health infostructure at the national level. Expenses associated with this initiative are included in the Statement of Operations under the Systems Development expense classification.

[f] Health Canada is providing funding to provide health services to individuals who acquired the Hepatitis C virus from blood and blood products prior to Jan. 1, 1986 and after July 1, 1990. The funding will be used to treat the HCV infection using antiviral drug therapies, immunization and nursing care. Expenses associated with this initiative are included in the Statement of Operations under the Human Tissue and Blood Services expense classification.

[g] Health Canada is providing funding for a project to assess current and proposed national health information systems/initiatives and develop a strategic plan for a national health infostructure. Expenses associated with this initiative are included in the Statement of Operations under the Systems Development expense classification.

MINISTRY OF HEALTH AND WELLNESS
CONSOLIDATED SCHEDULE OF EXPENSE - DIRECTLY INCURRED DETAILED BY OBJECT
FOR THE YEAR ENDED MARCH 31, 2001
(thousands of dollars)

	2001		2000
	Budget (Schedule 4)	Actual	Actual
Program Expenses:			
Grants	$ 5,263,860	$ 5,526,941	$ 5,124,432
Supplies and Services	225,488	256,716	212,248
Salaries, Wages and Employee Benefits	126,657	119,127	111,796
Supplies and Services from Support Service Arrangements with Related Parties (a)	6,052	5,741	6,085
Amortization of capital assets	1,163	1,902	702
Other	160	210	200
Total Expenses	$ 5,623,380	$ 5,910,637	$ 5,455,463

[a] The Department receives financial and administrative services from the Department of Human Resources and Employment. These services are provided in support of the Persons with Developmental Disabilities Boards.

Schedule 4

MINISTRY OF HEALTH AND WELLNESS
CONSOLIDATED SCHEDULE OF BUDGET
FOR THE YEAR ENDED MARCH 31, 2001

(thousands of dollars)

	2000/2001 Budget	Authorized Supplementary [a]	2000/2001 Authorized Budget [b]
Revenues:			
Internal Government Transfers	$ 127,528	$ -	$ 127,528
Transfer from Government of Canada	661,039	-	661,039
Premiums and Fees	682,369	5,000	687,369
Other Revenue	55,452	-	55,452
	1,526,388	5,000	1,531,388
Expenses - Directly Incurred:			
Program			
Regional Health Authorities and Health Boards	3,041,137	231,057	3,272,194
Physician Services	1,042,569	5,000	1,047,569
Services to Persons with Developmental Disabilities	320,881	14,732	335,613
Province-Wide Services	303,963	11,078	315,041
Blue Cross Benefit Program	281,219	10,000	291,219
Protection, Promotion, and Prevention	168,643	1,826	170,469
Other Programs	183,454	13,000	196,454
Human Tissue and Blood Services	90,016	-	90,016
Ministry Support Services	88,249	-	88,249
Allied Health Services	57,935	3,000	60,935
Extended Health Benefits	21,055	-	21,055
Systems Development	23,329	508	23,837
One-Time Financial Assistance	-	8,900	8,900
Premier's Council on the Status of Persons with Disabilities	680	-	680
Premier's Advisory Council on Health	250	-	250
Sterilization Claims Settlements	-	-	-
Year 2000 Compliance	-	-	-
Healthy Aging Partnership	-	-	-
	# 5,623,380	# 299,101	# - 5,922,481
Valuation Adjustments			
Health Care Insurance Premiums Revenue Write-Offs	28,648	-	28,648
Provision for Vacation Pay	602	-	602
	29,250	-	29,250
Loss on Disposal and Write Down of Capital Assets	-	-	-
Total Expense	# 5,652,630	# 299,101	# # 5,951,731
Net Operating Results	$ (4,126,242)	$ (294,101)	$ (4,420,343)
Capital Investment	$ 2,197	$ -	$ 2,197

[a] Supplementary Estimates were approved on December 4, 2000. Treasury Board approval, pursuant to section 29 (1.1) of the *Financial Administration Act* (for net budgeted initiatives), increased dedicated revenue by: $5,000 for Health Care Insurance Premium Revenue, $150 for the Advisory Committee on Health Infostructure, and $358 for the Western Health Information Collaborative.

[b] Transfer of unexpended balances as a result of Order in Council 96/2001 has not been reflected in this Schedule (Note 14).

Schedule 5

MINISTRY OF HEALTH AND WELLNESS
CONSOLIDATED SCHEDULE OF RELATED PARTY TRANSACTIONS
FOR THE YEAR ENDED MARCH 31, 2001
(thousands of dollars)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Ministry.

The Ministry and its employees paid or collected certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Ministry had the following transactions with related parties recorded on the Statement of Operations at the amount of consideration agreed upon between the related parties:

	2001	2000
Revenue - Internal Government Transfers	$ 127,528	$ 109,643
Expenses - Directly Incurred:		
Other Services	$ 3,007	$ 2,243
Accounts Receivable	$ 27	$ 2,169
Accounts Payable	$ 6	$ -

The above transactions do not include support service arrangement transactions disclosed in Schedule 3.

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the consolidated financial statements and are disclosed in Schedule 6.

	2001	2000
Expenses - Incurred by Others:		
Accommodation	$ 19,650	$ 15,917
Other Services	1,117	667
	$ 20,767	$ 16,584

Schedule 6

MINISTRY OF HEALTH AND WELLNESS
CONSOLIDATED SCHEDULE OF ALLOCATED COSTS
FOR THE YEAR ENDED MARCH 31, 2001
(thousands of dollars)

	2001						2000
		Expenses - Incurred by Others		Valuation Adjustments			
Program	Expenses [(a)]	Accommodation Costs	Legal Services	Vacation Pay	Health Care Insurance Premiums Revenue Write-Offs	Total	Total
Regional Health Authorities and Health Boards	3,292,585	$ 98	$ -	$ -	$ -	$ 3,292,683	$ 2,840,752
Physician Services	1,070,907	19	-	-	-	1,070,926	994,832
Services to Persons with Developmental Disabilities	333,726	7,748	17	590	-	342,081	299,057
Province-Wide Services	320,466	-	-	-	-	320,466	257,188
Blue Cross Benefit Program	309,769	-	-	-	-	309,769	261,097
Protection, Promotion, and Prevention	158,663	8,324	15	189	-	167,191	150,218
Other Programs	134,260	156	-	-	-	134,416	106,193
Ministry Support Services	90,516	3,045	1,004	94	-	94,659	74,839
Human Tissue and Blood Services	90,016	-	-	-	-	90,016	81,312
Allied Health Services	60,522	-	-	-	-	60,522	54,863
Extended Health Benefits	21,360	-	-	-	-	21,360	20,114
Systems Development	18,179	201	62	8	-	18,450	23,525
One-Time Financial Assistance to Health Authorities	8,892	-	-	-	-	8,892	215,676
Premier's Council on the Status of Persons with Disabilities	632	59	-	9	-	700	690
Premier's Advisory Council on Health	144	-	-	-	-	144	-
Sterilization Claims Settlements	-	-	19	-	-	19	63,542
Year 2000 Compliance	-	-	-	-	-	-	17,002
Healthy Aging Partnership	-	-	-	-	-	-	10,000
Health Care Insurance Premiums Revenue Write-Offs [(b)]	-	-	-	-	44,066	44,066	29,694
	$ 5,910,637	$ 19,650	$ 1,117	$ 890	$ 44,066	$ 5,976,360	$ 5,500,594

(a) Expenses - Directly Incurred as per Statement of Operations, excluding valuation adjustments

(b) Health Care Insurance Premiums Revenue Write-Offs relate to Premiums and Fees revenue. They cannot be reasonably allocated to other expenses of the Ministry.

Department of Health and Wellness

Financial Statements

March 31, 2001

DEPARTMENT OF HEALTH AND WELLNESS

FINANCIAL STATEMENTS

MARCH 31, 2001

Auditor's Report

Statement of Operations

Statement of Financial Position

Statement of Changes in Financial Position

Notes to the Financial Statements

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Schedule 2 - Dedicated Revenue Initiatives

Schedule 3 - Expense Directly Incurred Detailed by Object

Schedule 4 - Budget

Schedule 5 – Comparison of Expenses by Element to Authorized Budget

Schedule 6 - Salaries and Benefits

Schedule 7 – Related Party Transactions

Schedule 8 – Allocated Costs

AUDITOR
GENERAL
Alberta

AUDITOR'S REPORT

To the Members of the Legislative Assembly

I have audited the statement of financial position of the Department of Health and Wellness as at March 31, 2001 and the statements of operations and changes in financial position for the year then ended. These financial statements are the responsibility of the management of the Department. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Department of Health and Wellness is required to follow the corporate government accounting policies and reporting practices as disclosed in Note 2. These accounting policies have been established by Alberta Treasury and are consistent across ministries. The following items are exceptions from Canadian generally accepted accounting principles that arise from following the accounting policies established by Alberta Treasury:

Related Party Transactions

As the corporate government reporting practices stipulate that related parties include only those organizations that are part of the government reporting entity, transactions with the regional health authorities and Provincial health boards are not disclosed in these financial statements as transactions with related parties. Under Canadian generally accepted accounting principles, the regional health authorities and Provincial health boards are related parties of the Department. A description of the nature of the Department's relationship with regional health authorities and Provincial health boards should have been included in Schedule 7, Related Party Transactions. Also, Schedule 7 should disclose the expense for funding provided to regional health authorities and Provincial health boards amounting to $3,729 million and accrued liabilities of $64 million.

Capital Assets

The Department employs a policy of expensing capital asset purchases under $15,000 in the year of acquisition. Consequently a significant amount of resources available to the Department for future use has been recorded as if it had been consumed. It is estimated that at March 31, 2001, assets are understated and net liabilities are overstated by approximately $34 million representing the unconsumed cost of capital assets at that date.

If capital asset purchases expensed on acquisition in the current year and previous years had instead been capitalized, amortization on these assets would have been included as expenses of the current year. As the value of capital asset purchases that were expensed in the current year is greater than the amount that would have been recorded as amortization expense, expenses are overstated for the year ended March 31, 2001 by approximately $6 million.

In my opinion, except for the effects of the matters discussed in the preceding paragraphs, these financial statements present fairly, in all material respects, the financial position of the Department as at March 31, 2001 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Peter Valentine FCA
Auditor General

Edmonton, Alberta
May 23, 2001

DEPARTMENT OF HEALTH AND WELLNESS
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2001
(thousands of dollars)

	2001		2000
	Budget (Schedule 4)	Actual	Actual
Revenues (Schedules 1 and 2)			
Internal Government Transfers	$ 127,528	$ 127,528	$ 77,184
Transfer from the Government of Canada	661,039	890,991	687,659
Premiums and Fees	680,669	701,203	674,645
Other Revenue	55,057	59,929	52,302
	1,524,293	1,779,651	1,491,790
Expenses - Directly Incurred (Note 2b and Schedule 8)			
Voted (Schedules 3 and 5)			
Ministry Support Services	101,552	100,657	87,677
Health Services	5,158,439	5,432,807	4,976,000
Persons with Developmental Disabilities	327,974	342,148	360,551
Alberta Alcohol and Drug Abuse Commission	33,320	35,146	266
	5,621,285	5,910,758	5,424,494
Statutory (Schedule 5)			
Valuation Adjustments			
Health Care Insurance Premiums Revenue Write-Offs	28,648	44,033	29,659
Provision for Vacation Pay	602	855	(1,283)
	29,250	44,888	28,376
Loss on Disposal of Capital Assets	-	-	192
Total Expenses	5,650,535	5,955,646	5,453,062
Net Operating Results	$ (4,126,242)	$ (4,175,995)	$ (3,961,272)

The accompanying notes and schedules are part of these financial statements.

DEPARTMENT OF HEALTH AND WELLNESS
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2001
(thousands of dollars)

	2001	2000
ASSETS		
Cash	$ 3,411	$ 2,829
Accounts Receivable (Note 3)	179,523	179,540
Travel Advances	6	11
Capital Assets (Note 4)	7,922	5,622
	$ 190,862	$ 188,002
LIABILITIES		
Accounts Payable and Accrued Liabilities (Note 5)	$ 282,654	$ 283,688
Unearned Revenue (Note 6)	267,918	165,982
	550,572	449,670
NET LIABILITIES		
Net Liabilities at Beginning of Year	(261,668)	(149,236)
Net Operating Results	(4,175,995)	(3,961,272)
Net Transfer from General Revenues	4,077,953	3,848,840
Net Liabilities at End of Year	(359,710)	(261,668)
	$ 190,862	$ 188,002

The accompanying notes and schedules are part of these financial statements.

DEPARTMENT OF HEALTH AND WELLNESS
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 2001

(thousands of dollars)

	2001	2000
Operating Transactions		
Net Operating Results	$ (4,175,995)	$ (3,961,272)
Non-cash items:		
Amortization	1,745	585
Loss on Disposal of Capital Assets	-	192
Health Care Premiums Revenue Write-Offs	44,033	29,659
Provision for Vacation Pay	855	(1,283)
	(4,129,362)	(3,932,119)
(Increase) in Accounts Receivable	(44,016)	(98,583)
Decrease in Travel Advances	5	2,807
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(1,889)	30,669
Increase in Unearned Revenue	101,936	144,928
Cash (Used) by Operating Transactions	(4,073,326)	(3,852,298)
Investing Transactions		
Purchases of Capital Assets (Schedule 5)	(3,504)	(3,584)
Net Transfer of Capital Assets	(541)	-
Cash (Used) by Investing Transactions	(4,045)	(3,584)
Financing Transactions		
Net Transfer from General Revenues	4,077,953	3,848,840
Net Cash Provided (Used)	582	(7,042)
Cash, Beginning of Year	2,829	9,871
Cash, End of Year	$ 3,411	$ 2,829

The accompanying notes and schedules are part of these financial statements.

DEPARTMENT OF HEALTH AND WELLNESS
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2001

Note 1 Authority and Purpose

The Department of Health and Wellness (the Department) operates under the authority of the *Government Organization Act*, Statutes of Alberta.

The purpose of the Department is to maintain and improve the health of Albertans by leading and working collaboratively with citizens and stakeholders. The Department leads and supports a system for the delivery of quality health services and encourages and supports healthy living.

Through a leadership role, the Department sets direction, policy and provincial standards that ensure quality services and set priorities based on health needs, determine the scope of financial, capital and human resources required, and measure and report on the performance of the system. The Department is also engaged in inter-ministerial initiatives to effectively address challenges to the health and well-being of the population.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with the following accounting policies that have been established by government for all departments. The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature, and published financial statements relating to either the public sector or analogous situations in the private sector are used to supplement the recommendations of the Public Sector Accounting Board where it is considered appropriate.

(a) Reporting Entity

The reporting entity is the Department of Health and Wellness, which is part of the Ministry of Health and Wellness and for which the Minister of Health and Wellness is accountable.

Other entities reporting to the Minister are the Regional Health Authorities, the Alberta Cancer Board, Alberta Mental Health Board, Alberta Alcohol and Drug Abuse Commission and the Persons with Developmental Disabilities Boards. The activities of these organizations are not included in these financial statements.

The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(a) Reporting Entity (continued)

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Provincial Treasurer. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net transfer from General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Financial Reporting

(i) Revenues

All revenues are reported on the accrual method of accounting. Cash received for which goods or services have not been provided by year-end is recorded as unearned revenue.

(ii) Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

(iii) Dedicated Revenue

Dedicated revenue initiatives provide a basis for authorizing spending. Dedicated revenues must be shown as credits or recoveries in the details of the Government Estimates for a supply vote.

If actual dedicated revenues are less than budget and total voted expenses are not reduced by an amount sufficient to cover the deficiency in dedicated revenues, the following year's voted expenses are encumbered. If actual dedicated revenues exceed budget, the Department may, with the approval of the Treasury Board, use the excess revenue to fund additional expenses on the program. Schedule 2 discloses information on the Department's dedicated revenue initiatives.

(iv) Expenses

Directly Incurred

Directly incurred expenses are those costs the Department has primary responsibility and accountability for, as reflected in the Government's budget documents.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting (continued)

(iv) Expenses (continued)

Directly Incurred (continued)

Directly incurred expenses include:

- amortization of capital assets.
- pension costs which comprise the cost of employer contributions for current service of employees during the year.
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay.

Incurred by Others

Expenses incurred by other entities in support of the Department's operations are disclosed in Schedule 8. Expenses incurred by others are not included in the Department's statement of operations.

(v) Assets

Financial assets of the Department are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals as well as the bank balance established under the Health Care Insurance Plan.

Assets acquired by right are not included. Capital assets of the Department are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $100,000 and the threshold for all other capital assets is $15,000. All land is capitalized.

(vi) Liabilities

Liabilities represent all financial claims payable by the Department at fiscal year end.

(vii) Net Liabilities

Net liabilities represents the difference between the value of assets held by the Department and its liabilities.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting (continued)

(viii) Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, travel advances, accounts payable and accrued liabilities, and unearned revenue are estimated to approximate their book values.

(ix) Payments under Reciprocal and Other Agreements

The Department entered into agreements with other Provincial Governments, the Federal Government and the Workers' Compensation Board to provide services on their behalf.

Expenses incurred and revenue earned in the provision of services under these agreements are recorded in the records of the service providers and are not included in these financial statements. Amounts paid and recovered under these agreements are disclosed in Note 9.

(x) Measurement Uncertainty
(amount in thousands)

Measurement uncertainty exists when there is a significant variance between the amount recognized in the financial statements and another reasonably possible amount.

The allowance for doubtful accounts, in the amount of $133,741 as reported in Note 3 to these financial statements, is based on an aging analysis of the accounts receivable balance at March 31, 2001 and past collection patterns. The actual amount collected could vary from that estimated.

Note 3 Accounts Receivable
(amounts in thousands)

	2001			2000
	Gross Amount	Allowance for Doubtful Accounts	Net Realizeable Value	Net Realizeable Value
Accounts Receivable	$ 310,883	$ 133,741	$ 177,142	$ 172,596
Refunds from Suppliers	2,381	-	2,381	6,944
	$ 313,264	$ 133,741	$ 179,523	$ 179,540

Accounts receivable are unsecured.

Note 4 Capital Assets
(amounts in thousands)

	2001				2000
	Estimated Useful Life	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer hardware and software	3-10 years	$ 16,258	$ 8,479	$ 7,779	$ 5,439
Equipment	10 years	1,914	1,771	143	183
		$ 18,172	$ 10,250	$ 7,922	$ 5,622

Note 5 Accounts Payable and Accrued Liabilities
(amounts in thousands)

	2001	2000
Accounts payable	$ 42,135	$ 43,723
Accrued liabilities	229,032	229,332
Accrued vacation pay	11,487	10,633
	$ 282,654	$ 283,688

Note 6 Unearned Revenue

(amounts in thousands)

	2001	2000
Changes in unearned revenues are as follows:		
Restricted Cash received during the year:		
Health Canada		
Canada Health and Social Transfer - Health Supplement	$ 246,995	$ 336,402
Medical Equipment Trust Fund	97,760	-
Health Care Insurance Premiums	22,095	21,672
Third party recoveries	34	52
Western Health Information Collaborative	358	-
	367,242	358,126
Less amounts recognized as revenue in the year	(265,306)	(213,198)
Increase during the year	101,936	144,928
Balance at beginning of year	165,982	21,054
Balance at end of year	$ 267,918	$ 165,982
Balances at end of year are comprised of:		
Health Canada - Canada Health and Social Transfer	$ 196,684	$ 144,258
Health Canada - Medical Equipment Trust Fund	49,042	-
Health Care premiums	22,095	21,672
Third party recoveries	34	52
Western Health Informative Collaborative	63	-
	$ 267,918	$ 165,982

Note 7 Commitments

(amounts in thousands)

As at March 31, 2001, the Department has the following commitments:

	2001	2000
Specific programs commitments [a]	$ 2,675,612	$ 1,061,348
Service contracts	70,262	40,465
Equipment leases [b]	3,865	4,454
	$ 2,749,739	$ 1,106,267

[a] Included in 2001 specific program commitments is an amount of $2,539,700 for the provision of medical services by physicians to March 31, 2003 under the agreement signed with the Alberta Medical Association. Prior year specific program commitments include $934,100 for the provision of medical services to March 31, 2001.

[b] The Department leases certain equipment under operating leases that expire on various dates. The aggregate amounts payable for the unexpired terms of these leases are as follows:

Year	2001	2000
2001	$ -	$ 1,932
2002	1,804	1,440
2003	1,256	540
2004	583	319
2005	111	112
2006	111	111
	$ 3,865	$ 4,454

Canadian Blood Services

The Province of Alberta has committed to provide funding to the Canadian Blood Services (CBS). This commitment was outlined in a Memorandum of Understanding, signed in January 1998, which recorded the understandings and commitments of the Minister of Health of Canada and the Provincial and Territorial Ministers of Health (except Quebec) regarding their respective roles and responsibilities in a renewed national blood system.

The Province's obligation for the operational costs of CBS is determined on a per capita basis, and the costs for fractionated blood and blood products is determined on the basis of annual utilization of these products.

During the year, payments to CBS amounted to $90,016 (2000 - $81,312). Budgeted expenditure for the 2002 fiscal year is estimated at $100,016.

Note 8 Contingencies

Sexual Sterilization Claims

The Department of Health and Wellness has a contingent liability in respect of 27 claims (2000 - 62 claims) aggregating $18.2 million (2000 - $34 million) relating to the decisions made by the Eugenics Board of Alberta pursuant to the *Sexual Sterilization Act* of 1928, which was repealed in 1972. The ultimate outcome of these claims cannot be determined. A provision for potential losses of $14 million (2000 - $17.7 million) has been made.

Hepatitis C

The Department was named as defendant in 53 specific legal actions (2000 – 53 specific legal actions) relating to the Hepatitis C virus affected through the Canadian blood system. The total claimed in 40 specific legal actions approximates $585 million (2000 - $137 million). For the other 13 claims, no specified amount has yet been claimed; the amount of these claims will be determined at trial. All of these claims are covered by the Alberta Risk Management Fund. Potential liability for these claims is shared by the Canadian Red Cross Society and the federal government. The resulting loss, if any, from these claims cannot be determined.

Federal, provincial and territorial governments have agreed to offer financial assistance to Canadians who were affected by the Hepatitis C virus through the Canadian blood system during the period from January 1, 1986 to July 1, 1990. The financial package of $1.1 billion is national in scope. Alberta's share of the financial assistance package is estimated at $30 million. The details of assistance will be determined through a negotiation process submitted to the courts for approval. The Department made a provision in 1999-2000 for its portion of the Hepatitis C assistance. At March 31, 2001 the unpaid balance of the Department's commitment to the financial assistance package was $22,951,000 (2000 - $30,000,000).

Voluntary Hospital Owners

The Department is liable under equity agreements entered into in 1969 between the Department and Voluntary Hospital Owners. The Department's liability is contingent upon termination of the equity agreements and concurrent transfer of ownership to the Province. The payout upon termination is estimated at $25.8 million (2000 - $22.6 million).

Other

At March 31, 2001, the Department was named as defendant in 8 other legal actions (2000 - 30 legal actions). The total claimed in these other legal actions approximates $46.4 million (2000 - $33.2 million). Three claims (2000 - fourteen claims) amounting to $3.8 million (2000 - $18.7 million) are covered by the Alberta Risk Management Fund. The resulting loss, if any, from these claims cannot be determined.

Note 9 Payments under Reciprocal and Other Agreements

(amounts in thousands)

The Department entered into agreements, under the Alberta Health Care Insurance Plan, with other Provincial Governments and the Workers' Compensation Board to provide health services on their behalf. The Department pays service providers for services rendered under the agreements and recovers the amount paid from other provinces and the Workers' Compensation Board. Service providers include Regional Health Authorities, Provincial Health Boards and physicians.

The Department has also entered into an agreement with the Federal Government for the Health Transition Fund (Primary Health Care Project) to support the objective of studying and encouraging the further advancement of primary health care in Alberta. In addition, the Department entered into agreements with Health Canada, the Workers' Compensation Board and other provincial governments and territories to provide air ambulance services on their behalf. Payments incurred under this agreement are made by the Department under authority of the *Financial Administration Act*, Section 29.1 (1).

Balances receivable from or payable to the Federal Government, other Provincial Governments and the Workers' Compensation Board are reflected in the Statement of Financial Position.

	2001					2000
	Health Transition Fund	Other Provincial Government	Workers' Compensation Board	Air Ambulance	Total	Total
Opening receivable balance	$ 2,888	$ 18,234	$ 832	$ 1,876	$ 23,830	$ 15,873
Add: Payments made during the year	1,310	107,275	628	2,747	111,960	107,227
	4,198	125,509	1,460	4,623	135,790	123,100
Less: Collections received during the year	4,271	110,121	1,489	2,184	118,065	99,270
Closing receivable (payable) balance	$ (73)	$ 15,388	$ (29)	$ 2,439	$ 17,725	$ 23,830

Note 10 Pensions

(amounts in thousands)

The Department participates in multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Department also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $2,479 for the year ended March 31, 2001 (2000 - $2,153).

At December 31, 2000, the Management Employees Pension Plan reported a surplus of $104,658 (1999 - $46,019) and the Public Service Pension Plan reported a surplus of $635,084 (1999 - $517,020). At December 31, 2000, the Supplementary Retirement Plan for Public Service Managers had a surplus of $180 (1999 - $33).

Note 11 Comparative Figures

Certain 2000 figures have been reclassified to conform to the 2001 presentation.

Note 12 Government Restructuring

On March 15, 2001 the government announced new ministry structures. As a result, effective March 19, 2001 the Persons with Developmental Disabilities Boards and Foundation, Michener Centre, and the Premier's Council on the Status of Persons with Disabilities were transferred to the Ministry of Community Development. Responsibility for the Healthy Aging Partnership program was transferred from the Department to the Ministry of Seniors.

Since the 2000/2001 fiscal year was substantially completed prior to this announcement, these financial statements have been prepared as if the restructuring took place on April 1, 2001, to provide proper accountability for the 2000/2001 fiscal year against the original business plan.

Note 13 Approval of Financial Statements

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.

Schedule 1

DEPARTMENT OF HEALTH AND WELLNESS
SCHEDULE OF REVENUES
FOR THE YEAR ENDED MARCH 31, 2001
(thousands of dollars)

	2001		2000
	Budget (Schedule 4)	Actual	Actual
Internal Government Transfers:			
Transfer from the Lottery Fund	$ 127,528	$ 127,528	$ 26,300
Transfer from Community Development	-	-	50,884
	127,528	127,528	77,184
Transfers from the Government of Canada:			
Canada Health and Social Transfer	450,748	643,293	493,074
Canada Health and Social Transfer - Health Supplement	194,068	194,569	192,144
Other	16,223	53,129	2,441
	661,039	890,991	687,659
Premiums and Fees:			
Health care insurance:			
Premiums before premium assistance	645,701	764,472	740,793
Less:			
Premium assistance under legislation	-	(100,028)	(101,974)
	645,701	664,444	638,819
Add:			
Penalties	13,548	15,360	14,043
Interest and miscellaneous	500	476	441
Health care insurance premiums, penalties and interest	659,749	680,280	653,303
Non-Group Blue Cross Benefits:			
Premiums before premium assistance	20,000	22,232	22,403
Less premium assistance	-	(2,202)	(2,247)
Non-Group Blue Cross premiums	20,000	20,030	20,156
Total premiums	679,749	700,310	673,459
Residency fees	900	779	1,185
Other	20	114	1
	680,669	701,203	674,645
Other revenue:			
Third party recoveries	52,595	53,297	47,371
Miscellaneous:			
Previous years' refunds of expenditure	1,600	4,630	2,772
Other	862	2,002	2,159
	55,057	59,929	52,302
Total revenue	$ 1,524,293	$ 1,779,651	$ 1,491,790

Schedule 2

DEPARTMENT OF HEALTH AND WELLNESS
SCHEDULE OF DEDICATED REVENUE INITIATIVES
FOR THE YEAR ENDED MARCH 31, 2001
(thousands of dollars)

	2001		
	Authorized Dedicated Revenues	Actual Dedicated Revenues(a)	(Shortfall)/ Excess
Health Care Insurance Premium Revenue(b)	$ 664,749	$ 680,280	$ 15,531
Non-Group Drug Benefits (c)	20,000	20,030	30
Archival Blood Bank Record Review for Hepatitis C(d)	2,500	1,536	(964)
Western Health Information Collaborative (e)	358	295	(63)
Advisory Committee on Health Infostructure(f)	150	150	-
Health Services for Persons with Hepatitis C(g)	2,700	-	(2,700)
	$ 690,457	$ 702,291	$ 11,834

(a) Revenues from dedicated revenue initiatives are included in the Department's revenues in the statement of operations.

(b) Albertans contributed to the cost of health programs through Health Care Insurance Premiums. The levels of premiums paid by an individual or family are based on their ability to pay as defined by income. Expenses associated with this initiative are included in the Statement of Operations under the Health Services expense classification.

(c) Albertans can access public or private supplemental health insurance coverage. The Department provides non-group Blue Cross coverage on a premium basis for non-seniors. Seniors are provided coverage, but do not pay premiums. Expenses under the Non-Group Drug Benefits initiative represent the expenses incurred to provide Blue Cross services. Expenses associated with this initiative are included in the Statement of Operations under the Health Services expense classification.

(d) Health Canada is providing 50 per cent of the funding to contact all persons who received blood transfusions in Alberta for the period January 1, 1986 to July 1, 1990. Those persons will be advised to seek testing and treatment, as they may have been exposed to the Hepatitis C (HCV) virus. Expenses associated with this initiative are included in the Statement of Operations under the Health Services expense classification.

(e) As a result of directives from the Deputy Ministers of Health for western Canada, the Health Ministry Chief Information Officers representing the western provinces and territories formed the Western Health Information Collaborative (WHIC). This collaborative is supported through funding received from other western provinces and territories. The collaborative will explore common opportunities that meet western provinces and territories' health information needs and support the strategic directions and initiatives for health infostructure at the national level. Expenses associated with this initiative are included in the Statement of Operations under the Ministry Support Services expense classification.

(f) Health Canada is providing funding for a project to assess current and proposed national health information systems/initiatives and develop a strategic plan for a national health infostructure. Expenses associated with this initiative are included in the Statement of Operations under the Ministry Support Services expense classification.

(g) Health Canada is providing funding to provide health services to individuals who acquired the Hepatitis C virus from blood and blood products prior to Jan. 1, 1986 and after July 1, 1990. The funding will be used to treat the HCV infection using antiviral drug therapies, immunization and nursing care. Expenses associated with this initiative are included in the Statement of Operations under the Health Services expense classification.

DEPARTMENT OF HEALTH AND WELLNESS
SCHEDULE OF EXPENSE - DIRECTLY INCURRED DETAILED BY OBJECT
FOR THE YEAR ENDED MARCH 31, 2001
(thousands of dollars)

	2001		2000
	Budget (Schedule 4)	Actual	Actual
Voted:			
Grants	$ 5,482,059	$ 5,766,756	$ 5,299,596
Supplies and Services	91,285	97,289	82,870
Salaries, Wages and Employee Benefits	40,643	39,064	35,174
Supplies and Services from Support Service Arrangements with Related Parties [a]	6,052	5,734	6,085
Amortization of Capital Assets	1,101	1,745	585
Other	145	170	184
Total Voted Expenses	$ 5,621,285	$ 5,910,758	$ 5,424,494

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[a] The Department receives financial and administrative services from the Department of Human Resources and Employment. These services are provided in support of the Persons with Developmental Disabilities Boards.

Schedule 4

DEPARTMENT OF HEALTH AND WELLNESS
SCHEDULE OF BUDGET
FOR THE YEAR ENDED MARCH 31, 2001
(thousands of dollars)

	2000/2001 Budget	Authorized Supplementary [a]	2000/2001 Authorized Budget [b]
Revenues:			
Internal Government Transfers	$ 127,528	$ -	$ 127,528
Transfer from Government of Canada	661,039	-	661,039
Premiums and Fees	680,669	5,000	685,669
Other Revenue	55,057	-	55,057
	1,524,293	5,000	1,529,293
Expenses - Directly Incurred:			
Voted Expenses			
Ministry Support Services	101,552	508	102,060
Health Services	5,158,439	282,035	5,440,474
Persons with Developmental Disabilities	327,974	14,732	342,706
Alberta Alcohol and Drug Abuse Commission	33,320	1,826	35,146
	5,621,285	299,101	5,920,386
Statutory Expenses			
Valuation Adjustments			
Health Care Insurance Premiums Revenue Write-Offs	28,648	-	28,648
Provision for Vacation Pay	602	-	602
	29,250	-	29,250
Loss on Disposal of Capital Assets	-	-	-
Total Expense	5,650,535	299,101	5,949,636
Net Operating Results	$ (4,126,242)	$ (294,101)	$ (4,420,343)
Capital Investment	$ 2,157	$ -	$ 2,157

[a] Supplementary Estimates were approved on December 4, 2000. Treasury Board approval, pursuant to section 29 (1.1) of the Financial Administration Act (for net budgeted initiatives), increased dedicated revenue by: $5,000 for Health Care Insurance Premium Revenue, $150 for the Advisory Committee on Health Infostructure, and $358 for the Western Health Information Collaborative.

[b] Transfer of unexpended balances as a result of Order in Council 96/2001 has not been reflected in this Schedule (Note 12).

Schedule 5

DEPARTMENT OF HEALTH AND WELLNESS
SCHEDULE OF COMPARISON OF EXPENSES - DIRECTLY INCURRED AND CAPITAL INVESTMENTS BY ELEMENT TO AUTHORIZED BUDGET
FOR THE YEAR ENDED MARCH 31, 2001
(thousands of dollars)

		2000/2001 Budget	Authorized Supplementary (a)	2000/2001 Authorized Budget (b)	2000/2001 Actual Expense (c)	Unexpended (Over Expended)
Voted Expenses and Capital Investments						
Ministry Support Services						
1.0.1	Minister's Office	$ 351	$ -	$ 351	$ 346	$ 5
1.0.2	Associate Minister's Office	336	-	336	225	111
1.0.3	Deputy Minister's Office	333	-	333	331	2
1.0.4	Public Communications	803	-	803	1,441	(638)
1.0.5	Policy and Planning Services	3,838	-	3,838	4,180	(342)
1.0.6	Health Information and Accountability					
	- Operating Expense	38,083	508	38,591	38,590	1
	- Capital Investment	1,150	-	1,150	2,379	(1,229)
1.0.7	Alberta Wellnet Administration - funded by Lotteries	2,021	-	2,021	2,221	(200)
1.0.8	Health Strategies	10,003	-	10,003	9,913	90
1.0.9	Health Workforce and Administrative Services					
	- Operating Expense	13,794	-	13,794	13,905	(111)
	- Capital Investment	416	-	416	-	416
1.0.10	Financial Services	11,408	-	11,408	11,636	(228)
1.0.11	Health Care Insurance Plan Administration	11,024	-	11,024	10,584	440
1.0.12	Programs Administration	2,925	-	2,925	3,611	(686)
1.0.13	Health Facilities Review Committee	551	-	551	478	73
1.0.14	Mental Health Patient Advocate's Office	302	-	302	263	39
1.0.15	Premier's Council on the Status of Persons with Disabilities	680	-	680	632	48
1.0.16	Health Services Utilization Commission	1,000	-	1,000	-	1,000
1.0.17	Premier's Advisory Council on Health	250	-	250	144	106
1.0.18	Health Advisory and Appeal Services	3,755	-	3,755	2,071	1,684
1.0.19	Standing Policy Committee on Health and Safe Communities	95	-	95	86	9
		$ 103,118	$ 508	$ 103,626	$ 103,036	$ 590
Health Services						
2.1.1	Medical Services	$ 963,310	$ 5,000	$ 968,310	$ 992,657	$ (24,347)
2.1.2	Alternate Payments - funded by Lotteries	10,350	-	10,350	9,603	747
2.1.3	Allied Health Services	57,935	3,000	60,935	60,522	413
2.1.4	Extended Health Benefits	21,055	-	21,055	21,360	(305)
2.1.5	Rural Initiatives	15,400	-	15,400	15,398	2
2.1.6	Medical Education Allowances	53,509	-	53,509	53,249	260
2.2.1	Human Tissue and Blood Services	90,016	-	90,016	90,016	-
2.2.2	Equity Agreements	3,008	-	3,008	1,293	1,715
2.2.3	Purchase of Vaccines and Sera	15,910	-	15,910	12,745	3,165
2.2.4	Provincial Laboratories of Public Health	13,711	-	13,711	13,710	1
2.2.5	Blue Cross Benefit Program	281,219	10,000	291,219	309,769	(18,550)
2.2.6	Ambulance Services	42,350	-	42,350	39,743	2,607
2.2.7	Out of Province Health Care Costs	42,120	-	42,120	38,110	4,010
2.2.8	Alberta Aids to Daily Living	63,336	-	63,336	66,667	(3,331)
2.2.9	Health Services Research	8,000	-	8,000	9,100	(1,100)
2.2.10	Aboriginal Health Strategies - funded by Lotteries	3,000	-	3,000	1,074	1,926
2.2.11	Federal Nursing Stations - funded by Lotteries	2,550	-	2,550	866	1,684
2.2.12	Alberta Wellnet					
	- Operating Expense funded by Lotteries	12,404	-	12,404	12,705	(301)
	- Capital Investment funded by Lotteries	575	-	575	1,125	(550)
2.2.13	Community Support	32,017	-	32,017	29,037	2,980
2.2.14	Dedicated Program Funding	47,238	11,000	58,238	14,740	43,498
2.3.1	Chinook Regional Health Authority	155,022	4,597	159,619	161,240	(1,621)
2.3.2	Palliser Regional Health Authority	84,820	2,532	87,352	88,285	(933)
2.3.3	Headwaters Regional Health Authority	48,716	1,512	50,228	49,830	398
2.3.4	Calgary Regional Health Authority	823,071	27,508	850,579	857,254	(6,675)
2.3.5	Regional Health Authority #5	41,217	1,449	42,666	43,026	(360)
2.3.6	David Thompson Regional Health Authority	163,829	4,885	168,714	170,307	(1,593)
2.3.7	East Central Regional Health Authority	109,131	3,250	112,381	113,203	(822)
2.3.8	Westview Regional Health Authority	42,221	1,181	43,402	44,261	(859)
2.3.9	Crossroads Regional Health Authority	37,304	1,130	38,434	38,914	(480)
2.3.10	Capital Regional Health Authority	878,299	30,855	909,154	926,724	(17,570)
2.3.11	Aspen Regional Health Authority	51,445	1,801	53,246	53,747	(501)
2.3.12	Lakeland Regional Health Authority	92,422	2,305	94,727	95,655	(928)
2.3.13	Mistahia Regional Health Authority	77,888	2,425	80,313	83,933	(3,620)
2.3.14	Peace Regional Health Authority	21,711	1,411	23,122	23,901	(779)
2.3.15	Keeweetinok Lakes Regional Health Authority	18,364	564	18,928	17,807	1,121
2.3.16	Northern Lights Regional Health Authority	26,994	522	27,516	28,750	(1,234)
2.3.17	Northwestern Regional Health Authority	14,297	386	14,683	14,707	(24)
2.3.18	Alberta Cancer Board	94,142	9,829	103,971	105,755	(1,784)

DEPARTMENT OF HEALTH AND WELLNESS
SCHEDULE OF COMPARISON OF EXPENSES - DIRECTLY INCURRED AND CAPITAL INVESTMENTS BY ELEMENT TO AUTHORIZED BUDGET
FOR THE YEAR ENDED MARCH 31, 2001
(thousands of dollars)

	2000/2001 Budget	Authorized Supplementary [a]	2000/2001 Authorized Budget [b]	2000/2001 Actual Expense [c]	Unexpended (Over Expended)
Voted Expenses and Capital Investments					
2.3.19 Alberta Mental Health Board	183,494	17,180	200,674	200,251	423
2.3.20 Innovation Fund					
- Operating Expense	4,900	-	4,900	135	4,765
- Operating Expense funded by Lotteries	10,000	-	10,000	9,996	4
2.3.21 Advanced Medical Equipment					
- Operating Expense	-	14,000	14,000	14,000	-
- Operating Expense funded by Lotteries [d]	10,000	-	10,000	10,000	-
2.3.22 Supplemental Capital Equipment Funding					
- Operating Expense	-	98,735	98,735	98,735	-
- Operating Expense funded by Lotteries [e]	38,207	-	38,207	38,207	-
2.3.23 Alberta Wellness Initiative - funded by Lotteries	4,744	-	4,744	6,410	(1,666)
2.3.24 Dedicated Program Funding	43,800	5,000	48,800	15,998	32,802
2.3.26 One Time Financial Assistance	-	8,900	8,900	8,946	(46)
2.4.1 Province Wide Services - Calgary Regional Health Authority	149,151	3,000	152,151	156,764	(4,613)
2.4.2 Province Wide Services - Capital Regional Health Authority	152,112	8,078	160,190	163,702	(3,512)
2.4.3 Province Wide Services - Unallocated	2,700	-	2,700	-	2,700
	$ 5,159,014	$ 282,035	$ 5,441,049	$ 5,433,932	$ 7,117
Persons with Developmental Disabilities					
3.1.1 Program Support					
- Operating Expense	$ 7,093	$ -	$ 7,093	$ 6,068	$ 1,025
- Capital Investment	16	-	16	-	16
3.2.1 Foundation - funded by Lotteries	357	-	357	357	-
3.2.2 Provincial Board - Operations	2,161	-	2,161	11,029	(8,868)
3.2.3 Northwest Community Board	11,821	575	12,396	12,394	2
3.2.4 Northeast Community Board	15,769	869	16,638	16,652	(14)
3.2.5 Edmonton Community Board	87,474	4,493	91,967	91,966	1
3.2.6 Central Community Board	45,769	2,902	48,671	48,676	(5)
3.2.7 Calgary Community Board	74,008	3,963	77,971	77,986	(15)
3.2.8 South Community Board	32,833	1,930	34,763	34,766	(3)
3.2.9 Michener Centre Facility Board	42,254	-	42,254	42,254	-
3.2.10 Provincial Board - Unallocated	8,435	-	8,435	-	8,435
	$ 327,990	$ 14,732	$ 342,722	$ 342,148	$ 574
Alberta Alcohol and Drug Abuse Commission					
4.0.1 Assistance to Alberta Alcohol and Drug Abuse Commission					
- Operating Expense	$ -	$ 1,826	$ 1,826	$ 1,826	$ -
- Operating Expense funded by Lotteries	33,320	-	33,320	33,320	-
	$ 33,320	$ 1,826	$ 35,146	$ 35,146	$ -
Total Voted Expenses	$ 5,623,442	$ 299,101	$ 5,922,543	$ 5,914,262	$ 8,281
Program Operating Expenses	$ 5,494,332	$ 299,101	$ 5,793,433	$ 5,785,999	$ 7,434
Program Operating Expenses funded by Lotteries	126,953	-	126,953	124,759	2,194
	$ 5,621,285	$ 299,101	$ 5,920,386	$ 5,910,758	$ 9,628
Program Capital Investment	$ 1,582	$ -	$ 1,582	$ 2,379	$ (797)
Program Capital Investment funded by Lotteries	575	-	575	1,125	(550)
	$ 2,157	$ -	$ 2,157	$ 3,504	$ (1,347)
Total Voted Expenses	$ 5,623,442	$ 299,101	$ 5,922,543	$ 5,914,262	$ 8,281
Statutory Expenses:					
Health Care Insurance Premiums Revenue Write-Offs	$ 28,648	$ -	$ 28,648	$ 44,033	$ (15,385)
Provision for Vacation Pay	602	-	602	855	(253)
	$ 29,250	$ -	$ 29,250	$ 44,888	$ (15,638)

Schedule 5

DEPARTMENT OF HEALTH AND WELLNESS
SCHEDULE OF COMPARISON OF EXPENSES – DIRECTLY INCURRED AND CAPITAL INVESTMENTS BY ELEMENT TO AUTHORIZED BUDGET
FOR THE YEAR ENDED MARCH 31, 2001
(thousands of dollars)

(a) Supplementary Estimates were approved on December 4, 2000. Treasury Board approval, pursuant to section 29 (1.1) of the Financial Administration Act (for net budgeted initiatives), increased dedicated revenue by: $5,000 for Health Care Insurance Premium Revenue, $150 for the Advisory Committee on Health Infostructure, and $358 for the Western Health Information Collaborative.

(b) Transfer of unexpended balances as a result of Order in Council 96/2001 has not been reflected in this Schedule (Note 12).

(c) Includes achievement bonus of $700.

(d) Distributed as restricted funding to grant recipients.

(e) Distributed to grant recipients as unrestricted funding.

DEPARTMENT OF HEALTH AND WELLNESS
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2001

	2001			2000
	Salary[1]	Benefits and Allowances[2]	Total	Total[3]
Deputy Minister[4]	$ 168,987	$ 37,951	$ 206,938	$ 184,670
Special Advisor to the Deputy Minister[4][5]	20,239	4,970	25,209	107,266
Assistant Deputy Ministers				
Health Information and Accountability	118,803	25,544	144,347	124,539
Health Strategies[6]	123,662	34,912	158,574	136,952
Health Workforce Services	119,300	22,988	142,288	130,922
Policy and Planning Services[7]	102,377	22,838	125,215	120,481
Chief Financial Officer				
Finance and Health Plan Administration	124,184	28,094	152,278	136,948

This schedule discloses the salaries and benefits of the Department's senior decision making group. The presentation format has changed with prospective application from April 1, 2000. Under the new format the total salary and benefits relating to a position are disclosed. Comparatives show the salary and benefits of the last incumbent at March 31, 2000.

(1) Salary includes regular base pay, bonuses, overtime, and lump sum payments.

(2) Benefits and allowances include government's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, short and long-term disability plans, WCB premiums, professional memberships and tuition.

(3) Amounts previously reported for 2000 did not include retroactive pay and benefits and allowances relating to achievement bonuses that were paid in 2001. The 2000 comparative amounts have been restated accordingly.

(4) Automobile provided, no dollar amount was included in benefits and allowances.

(5) The incumbent was seconded on a two year term from Executive Council as Special Advisor to the Deputy Minister on July 20, 1999. On June 7, 2000 the incumbent ceased to be a member of the Department's senior decision making group.

(6) Benefits and allowances include vacation payments for the Assistant Deputy Minister of Health Strategies of $8,267 (2000 - $Nil).

(7) Previously reported as Executive Director, Corporate Services.

DEPARTMENT OF HEALTH AND WELLNESS
SCHEDULE OF RELATED PARTY TRANSACTIONS
FOR THE YEAR ENDED MARCH 31, 2001
(thousands of dollars)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Department. The Entities in the Ministry are Alberta Alcohol and Drug Abuse Commission and Persons with Developmental Disabilities Provincial, Community and Facility Boards.

The Department and its employees paid or collected certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Department had the following transactions with related parties recorded on the Statement of Operations at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities	
	2001	2000	2001	2000
Revenues				
Grants	$ -	$ -	$ 127,528	$ 77,184
Expenses - Directly Incurred				
Grants	$ 371,226	$ 291,056	$ -	$ -
Other Services	-	-	2,807	2,176
	$ 371,226	$ 291,056	$ 2,807	$ 2,176
Receivable from	$ -	$ 263	$ -	$ -
(Payable) to	$ -	$ (25,242)	$ -	$ -

The above transactions do not include support service arrangement transactions disclosed in Schedule 3.

The Department also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements and are disclosed in Schedule 8.

	Entities in the Ministry		Other Entities	
	2001	2000	2001	2000
Expenses - Incurred by Others				
Accommodation	$ -	$ -	$ 3,562	$ 3,090
Other Services	-	-	1,085	667
	$ -	$ -	$ 4,647	$ 3,757

Schedule 8

DEPARTMENT OF HEALTH AND WELLNESS
SCHEDULE OF ALLOCATED COSTS
FOR THE YEAR ENDED MARCH 31, 2001
(thousands of dollars)

	2001						2000
		Expenses - Incurred by Others		Valuation Adjustments			
	Expenses [a]	Accommodation Costs	Legal Services	Vacation Pay	Health Care Insurance Premiums Revenue Write-Offs	Total	Total
Ministry Support Services	$ 100,657	$ 3,445	$ 1,004	$ 265	$ -	$ 105,371	$ 91,505
Health Services	5,432,807	117	62	-	-	5,432,986	4,976,123
Persons with Developmental Disabilitites	342,148	-	19	590	-	342,757	359,067
Alberta Alcohol and Drug Abuse Commission	35,146	-	-	-	-	35,146	273
Health Care Insurance Premiums Revenue Write-Offs [b]	-	-	-	-	44,033	44,033	29,659
	$ 5,910,758	$ 3,562	$ 1,085	$ 855	$ 44,033	$ 5,960,293	$ 5,456,627

[a] Expenses – Directly Incurred as per Statement of Operations, excluding valuation adjustments.

[b] Health Care Insurance Premiums Revenue Write-Offs relate to Premiums and Fees revenue. They cannot be reasonably allocated to other expenses of the Department.

Alberta Alcohol and Drug Abuse Commision

Financial Statements

March 31, 2001

ALBERTA ALCOHOL AND DRUG
ABUSE COMMISSION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2001

Auditor's Report

Statement of Financial Position

Statement of Operations

Statement of Cash Flows

Notes to the Financial Statements

Schedule of Revenues

Schedule of Expenses by Object

Schedule of Allocated Costs

AUDITOR
GENERAL
Alberta

AUDITOR'S REPORT

To the Members of the Alberta Alcohol and Drug Abuse Commission

I have audited the statement of financial position of the Alberta Alcohol and Drug Abuse Commission as at March 31, 2001 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

Starting in fiscal year 1999-2000, the Commission changed how it records capital assets. Capital assets costing less than $5,000 each are now expensed. Consequently, a significant amount of furniture and equipment available to the Commission has been expensed and not reported in the statement of financial position as required by Canadian generally accepted accounting principles. As at March 31, 2001, assets are understated and accumulated deficit overstated by an estimated $1,020,000 and expenses for the fiscal year then ended are overstated by approximately $280,000.

In my opinion, except for the effects of the matter discussed in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Peter Valentine FCA
Auditor General

Edmonton, Alberta
June 5, 2001

ALBERTA ALCOHOL AND DRUG ABUSE COMMISSION

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2001

	2001	2000
ASSETS		
Current assets:		
Cash (Note 3)	$ 3,308,716	$ 3,396,954
Accounts receivable	214,992	375,887
Inventory	182,624	150,626
	3,706,332	3,923,467
Capital assets (Note 4)	84,763	133,179
	$ 3,791,095	$ 4,056,646
LIABILITIES AND ACCUMULATED DEFICIT		
Current liabilities:		
Accounts payable	$ 2,684,935	$ 3,043,933
Accrued vacation pay	$ 2,226,000	$ 2,190,000
Deferred contributions (Note 5)	227,445	214,089
Unearned revenue	22,424	19,434
	5,160,804	5,467,456
Accumulated deficit:		
At beginning of year	(1,410,810)	(536,848)
Net operating results	41,101	(873,962)
At end of year	(1,369,709)	(1,410,810)
	$ 3,791,095	$ 4,056,646

The accompanying notes and schedules are part of these financial statements.

ALBERTA ALCOHOL AND DRUG ABUSE COMMISSION

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2001

	2001		2000
	Budget (Note 7)	Actual	Actual
Revenues (Schedule 1):			
Internal government transfers:			
Department of Health and Wellness	33,320,000	35,146,000	265,665
Lottery Fund (Note 8)	-	-	$ 27,875,000
Lottery Fund for Problem Gambling (Note 8)	-	-	3,584,208
Department of Children's Services (Note 8)	-	-	1,272,631
Other revenues:			
Fees	1,700,000	1,578,697	1,407,131
Other	395,000	784,902	598,147
	35,415,000	37,509,599	35,002,782
Expenses - Directly Incurred: (Schedule 2 and 3, Note 2)			
Programs:			
Community services	15,747,000	16,638,750	15,724,897
Residential treatment services	9,480,000	9,129,912	8,836,036
Detoxification services	5,737,000	6,162,984	5,253,422
Research information and monitoring	2,904,000	3,840,481	3,252,420
Administration	1,547,000	1,660,371	1,755,925
Accrued vacation pay adjustment		36,000	135,000
	35,415,000	37,468,498	34,957,700
	-	41,101	45,082
Asset write off			919,044
Net operating results	$ -	$ 41,101	$ (873,962)

ALBERTA ALCOHOL AND DRUG ABUSE COMMISSION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2001

	2001	2000
Operating activities:		
Net operating results	$ 41,101	$ (873,962)
Add non-cash charges:		
Amortization of capital assets	79,526	41,287
Asset write-off	-	919,044
	120,627	86,369
Decrease (Increase) in non-cash working capital	(177,755)	1,248,578
Cash (used) provided by operating activities	(57,128)	1,334,947
Investing activities:		
Acquisition of capital assets	(31,110)	(27,542)
Net cash (used) provided	(88,238)	1,307,405
Cash at beginning of year	3,396,954	2,089,549
Cash at end of year	$ 3,308,716	$ 3,396,954

ALBERTA ALCOHOL AND DRUG ABUSE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2001

Note 1 Authority and Purpose

The Alberta Alcohol and Drug Abuse Commission (Commission) is an agent of the Crown under the authority of the Alcohol and Drug Abuse Act, Chapter A-38, Revised Statutes of Alberta 1980. The Commission is dependent on grants from the Department of Health and Wellness for funding its programs and for meeting its obligations as they become due.

The Commission's purpose is to assist Albertans in achieving a life free from the abuse of alcohol, other drugs and gambling. The Commission does this by providing community-based information, prevention and treatment services.

The Commission is a Government of Alberta agency and is not subject to Canadian taxes.

Note 2 Significant Accounting Policies and Reporting Practices

(a) Revenue Recognition

Operating grants from the Department are recognized as revenue when they are receivable.

Unrestricted donations are recognized as revenue when they are received. Donations of materials and services that would otherwise have been purchased are recorded at fair value when it can reasonably be determined.

Externally restricted donations are deferred and are recognized as revenue in the period in which the related expenses are incurred.

(b) Expenses

Directly Incurred

Directly incurred expenses are those costs the agency has primary responsibility and accountability for, as reflected in the government's budget documents.

Directly incurred expenses are included on Schedules 2 and 3, as well as the Statement of Operations

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(b) Expenses (continued)

Incurred by Others
Service contributed by other entities in support of the agency operations are disclosed in Schedule 3.

(c) Inventory

Inventory is valued at the lower of cost and replacement cost.

(d) Capital Assets

Capital assets are recorded at cost net of accumulated amortization. Amortization is provided over the estimated useful lives of the assets as follows:

Furniture and equipment - 10 years straight-line
Computer equipment and software - 3 years straight-line

Change in Amortization:
During the year the Commission changed its amortization for Computer equipment and software from five years straight line to three years straight line. This more fairly represents the life of the assets.

(e) Pensions

The Commission participates in multi-employer pensions plans with related government entities. Pension costs included in these statements comprise the cost of employer contributions for current service of employees during the year and additional employer contributions for service relating to prior years.

(f) Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, accounts payable, accrued liabilities, deferred contributions and unearned revenues are estimated to approximate their book values.

Note 3 **Cash**

Cash consists of deposits in the Consolidated Cash Investment Trust Fund (Fund) of the Province of Alberta. The Fund is being managed with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The portfolio is comprised of high-quality, short-term and mid-term fixed income securities with a maximum term to maturity of five years. Interest is earned on the Commission's daily cash balance at the average rate of the Fund's earnings, which vary depending on prevailing market interest rates. Interest of $311,822 (2000 - $262,386) has been credited directly to the Treasury Department.

Due to the short-term nature of these deposits, the carrying value approximates fair value.

Note 4 **Capital Assets**

Capital assets consist of the following:

	2001			2000
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment and software	$ 221,822	$ 187,069	$ 34,753	$ 88,403
Furniture and equipment	113,345	63,335	50,010	44,776
	$ 335,167	$ 250,404	$ 84,763	$ 133,179

Note 5 **Deferred Contributions**

Deferred contributions consist of unexpended funds from donations to the Memorial Trust. These are externally restricted to be used to supplement the work of the Commission in the areas of research and education and to acquire capital assets. Changes in deferred contributions are as follows:

	2001	2000
Donations	$58,920	$148,290
Interest Earned	12,656	8,868
Transferred to Revenue	(58,220)	(64,690)
Increase(decrease) during the year	13,356	92,468
Balance at beginning of year	214,089	121,621
Balance at end of year	$227,445	$214,089

Note 6 Pension Costs

The Commission participates in the multi-employer pensions plans, Management Employee Pension Plan and Public Service Pension Plan. The Commission also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $926,524 for the year ended March 31, 2001 (2000 - $830,221).

At December 31, 2000, the Management Employees Pension Plan financial statements reported a surplus for the plan of $104,658,000 (1999 - $46,019,000) and the Public Service Pension Plan reported a surplus of $635,084,000 (1999 - $517,020,000). At December 31, 2000, the Supplementary Retirement Plan for Public Service Managers had a surplus for the plan of $180,000 (1999 - $33,000).

Note 7 Approvals

(a) Budget

The budget amounts shown on the statement of operations agree with the 2000/2001 Government Estimates. The budget amounts shown on Schedules 1 and 2 provide additional revenue information and present expenditures by object. These budgets were approved on April 13, 2000 by the Members of the Commission.

(b) Financial Statements

These financial statements and accompanying notes were approved on June 15, 2001 by the Members of the Commission.

Note 8 Related Party Transactions

Related parties are those entities consolidated in the Province of Alberta's financial statements. Related parties also include management in the Commission.

For purposes of this schedule, the Related parties are separated into "Entities in the Ministry" which include the Department of Health and Wellness, Persons With Developmental Disabilities Provincial, Community and Facility Boards and "Other Entities".

The Commission and its employees paid and collected certain fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

Note 8 **Related Party Transactions** (continued)

	Entities in the Ministry		Other Entities	
	2001	2000	2001	2000
Revenues:				
Grants	$35,146,000	$ 265,665	$ -	$32,731,839
Expenses: Other Services	-	$ 320,000	$ 153,746	-
Receivable from	-	$ 153,165	$ 527	-
(Payable to)	$ -	$(263,358)	$(5,568)	$ (217,000)

The Commission also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related parties are estimated based on the costs incurred by the service provider to provide the services. These amounts are not recorded in the financial statements and are disclosed on Schedule 3.

	Entities in the Ministry		Other Entities	
	2001	2000	2001	2000
Revenues:				
Interest	$ -	$ -	$ 311,822	$ 262,386
Expenses:				
Legal Fees	$ -	$ -	$ 15,020	$ 7,005
Accommodation	$ -	$ -	$5,196,907	$5,725,000
	$ -	$ -	$5,211,927	$5,732,005

Note 9 **Federal/Provincial Cost Sharing Agreements**

The province of Alberta recovers part of its contributions to the Commission from the Government of Canada under the Employabilities Assistance for People with Disabilities, and the Alcohol and Drug Treatment and Rehabilitation agreements. Claims relating to the Commission's activities for the years ended March 31, 2001 and March 31, 2000 amount to approximately $9,196,834 and $9,456,000 respectively.

Note 10 Salaries, Wages, Benefits and Allowances

	2001			2000
	Salaries [a]	Benefits and Allowances [b]	Total	Total
Current Executives				
Chairman of the Board	$ 13,636	$ -	$ 13,636	$ 15,158
Board Members [c]	25,057	-	25,057	23,663
Chief Executive Officer [d], [e]	154,164	59,546	213,710	156,318
Executive Director, Program Services	105,159	22,796	127,955	110,001
Director, Provincial Resource Services [e]	95,559	23,398	118,957	91,202
Comptroller	97,099	17,642	114,741	92,865
Director, Central Alberta Addictions Services	91,075	16,535	107,610	87,735
Director, Human Resources [g]	90,220	16,125	106,345	103,199
Director, Southern Alberta Addictions Services	80,996	16,595	97,591	93,036
Director, Planning & Service Monitoring [f]	82,549	15,250	97,799	n/a
Director, Northern Alberta Addictions Services	80,362	16,318	96,680	88,380
Manager, Communications [f]	65,145	12,666	77,811	n/a

[a] Salaries include regular pay, overtime, lump sum payments, honoraria and any other direct cash remuneration.

[b] Benefits and allowances include the Commission's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, short and long-term disability plans, tuition fees, conference fees, professional memberships and vacation payouts.

[c] There were nine Board members in both years.

[d] An amount has not been included in benefits and allowances for the automobile provided to the Chief Executive Officer.

[e] The benefits and allowances amounts includes vacation payouts of $11,479 (2000 - $nil).

[f] Comparative amounts are not presented as the employee was not a member of the Executive Committee in 1999/2000.

[g] The Director of Corporate Services position was replaced with that of Director of Human Resources.

Schedule 1

ALBERTA ALCOHOL AND DRUG ABUSE COMMISSION
SCHEDULE OF REVENUES
FOR THE YEAR ENDED MARCH 31, 2001

	2001		2000
	Budget	Actual	Actual
Internal government transfers:			
Department of Health and Wellness	$ 33,320,000	$ 35,146,000	$ 265,665
Grants from the Lottery Fund			27,875,000
Department of Community Development		-	-
Grants from the Lottery Fund for Problem Gambling		-	3,584,208
Department of Children's Services			1,272,631
	33,320,000	35,146,000	32,997,504
Other revenues:			
Fees:			
Clients	1,586,000	1,455,032	1,254,891
Seminars	114,000	123,665	152,240
	1,700,000	1,578,697	1,407,131
Other:			
Donations	-	36,838	9,164
Publications	80,000	54,862	49,376
Miscellaneous	315,000	693,202	539,607
	395,000	784,902	598,147
Total revenues	$ 35,415,000	$ 37,509,599	$ 35,002,782

Schedule 2

ALBERTA ALCOHOL AND DRUG ABUSE COMMISSION

SCHEDULE OF EXPENSES BY OBJECT

FOR THE YEAR ENDED MARCH 31, 2001

	2001		2000
	Budget	**Actual**	**Actual**
Manpower:			
Salaries	$ 16,759,000	$ 16,337,948	$ 14,998,671
Employer Contributions	2,747,000	2,804,515	2,697,367
Wages	1,524,000	1,974,276	1,823,715
Allowances and benefits	113,000	63,605	95,477
	21,143,000	21,180,344	19,615,230
Grants:			
Direct financial assistance to agencies	7,514,000	8,346,993	7,196,914
Other:			
Profession, technical, and labor service	3,912,000	3,940,838	5,136,827
Materials and Supplies	1,108,000	1,999,827	1,247,462
Travel and relocation	735,000	620,972	523,705
Telephones	274,000	268,589	292,598
Voluntary separation payments	-	250,229	248,354
Amortization	56,000	79,526	41,287
Board members' fees	32,000	38,693	38,821
Bad debts	-	32,424	34,652
Hosting	20,000	23,832	24,002
Other operating expenses	621,000	686,231	557,848
	6,758,000	7,941,161	8,145,556
	$ 35,415,000	$ 37,468,498	$ 34,957,700

Schedule 3

ALBERTA ALCOHOL AND DRUG ABUSE COMMISSION

SCHEDULE OF ALLOCATED COSTS

FOR THE YEAR ENDED MARCH 31, 2001

	2001					2000
	Expenses [a]	Accommodation Costs	Legal Services	Vacation Pay	Total Expenses	Total Expenses
Programs:						
Community services	$ 16,638,750	$ 1,922,403	$ -	$ 16,380	$ 18,577,533	$ 17,736,804
Residential treatment services	9,129,912	2,019,884		8,820	11,158,616	10,622,259
Detoxification services	6,162,984	983,768		5,760	7,152,512	6,994,287
Research information and monitoring	3,840,481	135,426		3,420	3,979,327	3,412,404
Administration	1,660,371	135,426	15,020	1,620	1,812,437	1,923,591
	$ 37,432,498	$ 5,196,907	$ 15,020	$ 36,000	$ 42,680,425	$ 40,689,345

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[a] Expenses – Directly Incurred as per Statement of Operations, excluding Valuation Adjustments.

Persons with Developmental Disabilities Provincial Board

Financial Statements

March 31, 2001

PERSONS WITH DEVELOPMENTAL DISABILITIES

PROVINCIAL BOARD

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AUDITOR
GENERAL
Alberta

AUDITOR'S REPORT

To the Members of the Board of Directors of the Persons with Developmental Disabilities Provincial Board and the Minister of Community Development

I have audited the statement of financial position of the Persons with Developmental Disabilities Provincial Board as at March 31, 2001 and the statements of operations and changes in financial position for the year then ended. These financial statements are the responsibility of the management of the Board. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Persons with Developmental Disabilities Provincial Board as at March 31, 2001 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Peter Valentine FCA
Auditor General

Edmonton, Alberta
May 23, 2001

Persons with Developmental Disabilities
Provincial Board
Statement of Operations
For the year ended March 31, 2001
(in thousands)

	2001		2000
	Budget (Schedule 2)	Actual	Actual (As restated - Note 3)
Revenue			
Grant From Department of Health and Wellness	$ 320,524	$ 335,723	$ 291,463
Expenses (Schedule 1 and 4)			
Board Governance	2,161	2,559	1,839
Provincial Reserve	8,435	90	-
Grant to Persons with Developmental Disabilities Northwest Region Community Board	11,821	12,400	10,222
Grant to Persons with Developmental Disabilities Northeast Alberta Community Board	15,769	16,238	13,556
Grant to Edmonton Community Board for Persons with Developmental Disabilities	87,474	94,555	80,934
Grant to Persons with Developmental Disabilities Central Alberta Community Board	45,769	50,351	41,455
Grant to Persons with Developmental Disabilities Calgary Region Community Board	74,008	78,825	67,653
Grant to Persons with Developmental Disabilities South Alberta Board	32,833	36,279	30,864
Grant to Michener Centre Facility Board	42,254	43,689	43,081
	320,524	334,986	289,604
Net Operating Results Before Transfer	-	737	1,859
Transfer From/(To)			
Persons with Developmental Disabilities Northwest Region Community Board	-	-	177
Persons with Developmental Disabilities Northeast Alberta Community Board	-	129	644
Edmonton Community Board for Persons with Developmental Disabilities	-	113	(933)
Persons with Developmental Disabilities Central Alberta Community Board	-	141	(517)
Persons with Developmental Disabilities Calgary Region Community Board	-	-	(962)
Persons with Developmental Disabilities South Alberta Board	-	3	690
	-	386	(901)
Net Operating Results	$ -	$ 1,123	$ 958

The accompanying notes and schedules are part of these financial statements.

Persons with Developmental Disabilities
Provincial Board
Statement of Financial Position
As at March 31, 2001
(in thousands)

	2001	2000 (As restated - Note 3)
Assets		
Cash	$ 2,253	$ -
Accounts Receivable (Note 4)	1	30,695
	$ 2,254	$ 30,695
Liabilities		
Bank Overdraft	$ -	$ 98
Accounts Payable and Accrued Liabilities	194	29,660
	194	29,758
Net Assets (Liabilities)		
Net Assets (Liabilities), Beginning of Year	937	(21)
Net Operating Results	1,123	958
Net Assets (Liabilities), End of Year	2,060	937
	$ 2,254	$ 30,695

The accompanying notes and schedules are part of these financial statements.

Persons with Developmental Disabilities Provincial Board
Statement of Changes in Financial Position
For the year ended March 31, 2001
(in thousands)

	2001	2000 (As restated - Note 3)
Operating Transactions		
Net Operating Results	$ 1,123	$ 958
Decrease (Increase) in Accounts Receivable	30,694	(21,200)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(29,466)	20,144
Cash Provided (Used) by Operating Transactions	2,351	(98)
Cash/(Bank Overdraft), Beginning of Year	(98)	-
Cash/(Bank Overdraft), End of Year	$ 2,253	$ (98)

The accompanying notes and schedules are part of these financial statements.

Persons with Developmental Disabilities
Provincial Board
Notes to the Financial Statements
For the year ended March 31, 2001
(in thousands)

Note 1 Authority and Purpose

The Persons with Developmental Disabilities Provincial Board (the Provincial Board) is a corporation established on October 30, 1997 by way of a Ministerial Order. The Board operates under the authority of the *Persons with Developmental Disabilities Community Governance Act* and the *Government Organization Act.*

The purpose of the Provincial Board is to promote the inclusion of adults with developmental disabilities in community life by developing a plan for the delivery of services to adults with developmental disabilities and overseeing and evaluating the implementation of that plan. The Provincial Board coordinates the activities of the Community and Facility Boards.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with the following accounting policies established by government. The Canadian Institute of Chartered Accountants is the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature, and published financial statements relating to either the public sector or analogous situations in the private sector are used to supplement the recommendations of the Public Sector Accounting Board where it is considered appropriate.

(a) Reporting Entity

The reporting entity is the Provincial Board, which is part of the Ministry of Health and Wellness and for which the Minister of Health and Wellness is accountable. The financial statements of the Ministry provide a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

On March 15, 2001 the government announced new ministry structures. As a result, effective March 19, 2001 the Provincial Board was transferred to the Ministry of Community Development.

Persons with Developmental Disabilities
Provincial Board
Notes to the Financial Statements
For the year ended March 31, 2001
(in thousands)

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(a) Reporting Entity (continued)

Since the 2000/2001 fiscal year was substantially completed prior to this announcement, these notes to the financial statements have been prepared as if the restructuring took place on April 1, 2001 to provide proper accountability for the 2000/2001 fiscal year against the original business plan. While it has not affected any figures presented, references to the Ministry of Health and Wellness would be changed to the Ministry of Community Development if the restructuring had been represented within these statements.

The Provincial Board is economically dependent upon the Department of Health and Wellness for its funding. This funding is allocated in a manner approved by the Minister.

(b) Basis of Financial Reporting

Expenses

Directly Incurred

Directly incurred expenses are those costs the Provincial Board has primary responsibility and accountability for, as reflected in the government's budget documents. Directly incurred expenses are included in the Statement of Operations.

Incurred by Others

Services contributed by other entities in support of the Provincial Board operations are disclosed in schedule 4.

Employees are assigned to the Provincial Board through an arrangement with the Department of Health and Wellness. Certain manpower costs associated with these employees are not reflected in the financial statements. Balances outstanding with respect to the provision for these unrecorded costs as at March 31, 2001 was $197 (March 31, 2000 - $112). Total increase in this provision during the 2001 fiscal year was $85 (2000 fiscal year - $61).

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting (continued)

Expenses (continued)

Incurred by Others (continued)

Fees related to the audit of the March 31, 2001 financial statements have not been included in the Statement of Operations. Costs for this service have been estimated at $26 (2000 - $25).

Assets

Financial assets of the Provincial Board include cash and financial claims, such as receivables from other organizations or other advances.

The threshold for capitalizing new systems development is $100 and the threshold for all other capital assets is $15. All land is capitalized.

Liabilities

Liabilities represent all financial claims payable by the Provincial Board at fiscal year end.

Net Assets (Liabilities)

Net assets (liabilities) represents the difference between the value of assets held by the Provincial Board and its liabilities.

Note 3 Change in Accounting for Bonuses

In the prior years, bonuses paid to management, opted-out and bargaining unit employees were recorded as an expense in the financial statements of the Department of Health and Wellness. In the current year, the responsibility for these costs was changed retroactively to the Provincial Board. The effect of such a change in responsibility was to increase the fiscal year 2000 revenue, expense, accounts receivable, and accounts payable and accrued liabilities by $943 (1999 - $1,420).

Persons with Developmental Disabilities
Provincial Board
Notes to the Financial Statements
For the year ended March 31, 2001
(in thousands)

Note 4 Accounts Receivable

	2001			2000
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Accounts Receivable	$ 1		$ 1	$30,695

The current balance represents a GST receivable from the Federal Government of $1 (2000 balance includes a receivable from the Department of Health and Wellness of $27,998 and the Community Boards of $2,697)

Accounts receivable are unsecured and non-interest bearing.

Note 5 Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, advances, and accounts payable and accrued liabilities are estimated to approximate their book values.

Note 6 Voluntary Contributions

These financial statements do not include amounts relating to voluntary contributions received for materials and services.

Note 7 Commitments

As at March 31, 2001, the Board has the following commitments:

	2001
Service contracts (a)	$ 360

(a) The actual amounts are dependent on the usage of service.

Persons with Developmental Disabilities
Provincial Board
Notes to the Financial Statements
For the year ended March 31, 2001
(in thousands)

Note 8 Comparative Figures

Certain 2000 figures have been reclassified to conform to the 2001 presentation.

Note 9 Approval of Financial Statements

The financial statements were prepared by management and approved by the Board.

Persons with Developmental Disabilities Provincial Board

Expense Detailed by Object

For the year ended March 31, 2001

(in thousands)

Schedule 1

	2001		2000
	Budget	Actual	Actual (As restated - Note 3)
Manpower Costs (a)	$ 3,976	$ 947	$ 677
Supplies and Services	6,620	1,702	1,162
Grants	309,928	332,337	287,765
Total Expenses	$ 320,524	$ 334,986	$ 289,604

(a) Manpower costs relate to employees assigned to the Provincial Board from the Department of Health and Wellness and are not employees of the Provincial Board.

Persons with Developmental Disabilities
Provincial Board
Budget
For the year ended March 31, 2001
(in thousands)

Schedule 2

	2000/2001 Original Budget	Increases From Department	Provincial Board Reallocation	2000/2001 Current Allocation
Revenue				
Grant from Department of Health and Wellness	$ 320,524	$ 15,199	$ -	$ 335,723
Expenses				
Board Governance	2,161	431	-	2,592
Provincial Reserve	8,435	-	(7,641)	794
Grant to Persons with Developmental Disabilities Northwest Region Community Board	11,821	574	5	12,400
Grant to Persons with Developmental Disabilities Northeast Alberta Community Board	15,769	884	(415)	16,238
Grant to Edmonton Community Board for Persons with Developmental Disabilities	87,474	4,493	2,588	94,555
Grant to Persons with Developmental Disabilities Central Alberta Community Board	45,769	2,907	1,675	50,351
Grant to Persons with Developmental Disabilities Calgary Region Community Board	74,008	3,978	839	78,825
Grant to Persons with Developmental Disabilities South Alberta Board	32,833	1,932	1,514	36,279
Grant to Michener Centre Facility Board	42,254	-	1,435	43,689
	320,524	15,199	-	335,723
Net Operating Results	$ -	$ -	$ -	$ -

The 2000/2001 Original Budget was reported as part of the Government Estimates that were tabled in the Legislative Assembly of Alberta on February 4, 2000. As a result of changes in operational requirements that emerged during the fiscal year, the Provincial Board provided direction regarding changes in the level of funding to be allocated to the Community and Facility Boards. The final result of this direction is presented above as the 2000/2001 Current Allocation, and was approved by the Provincial Board on February 8, 2001.

An interim budget was approved by the Provincial Board on January 13, 2000.

Persons with Developmental Disabilities Provincial Board Disclosure of Payments to Executives For the year ended March 31, 2001 (in thousands)

Schedule 3

	2001						2000	
	Payments		Contributions		Total		Total [d]	
Chair of the Board [a]	$	27	$	-	$	27	$	26
Board Members (13 members) [a][c]	$	43	$	-	$	43	$	43
Chief Executive Officer [b]	$	110	$	23	$	133	$	117

[a] These amounts represent honoraria payments made to the Chair and Members of the Board.

[b] These payments are made to the Chief Executive Officer under contract with the Department of Health and Wellness. The Chief Executive Officer is assigned to the Board under an arrangement with the Department of Health and Wellness.

Contributions include payments for pension, health care, dental and medical coverage, group life insurance, long and short term disability plans.

[c] These positions were occupied by 19 individuals at various points during the year.

[d] 2000 expense totals have been restated to reflect achievement bonus paid to the Chief Executive Officer (see Note 3).

Persons with Developmental Disabilities
Provincial Board
Allocated Costs
For the year ended March 31, 2001
(in thousands)

Schedule 4

	2001					2000
		Expenses - Incurred by Others				
	Expenses (1)	Accommodation Costs (2)	Support Service Arrangements (3)	Legal Services (4)	Total Expenses	Total Expenses
Board Governance	$ 2,559	$ 244	$ 169	$ 17	$ 2,989	$ 2,241
Provincial Reserve	90	-	-	-	90	-
Grant to Persons with Developmental Disabilities Northwest Region Community Board	12,400	-	-	-	12,400	10,222
Grant to Persons with Developmental Disabilities Northeast Alberta Community Board	16,238	-	-	-	16,238	13,556
Grant to Edmonton Community Board for Persons with Developmental Disabilities	94,555	-	-	-	94,555	80,934
Grant to Persons with Developmental Disabilities Central Alberta Community Board	50,351	-	-	-	50,351	41,455
Grant to Persons with Developmental Disabilities Calgary Region Community Board	78,825	-	-	-	78,825	67,653
Grant to Persons with Developmental Disabilities South Alberta Board	36,279	-	-	-	36,279	30,864
Grant to Michener Centre Facility Board	43,689	-	-	-	43,689	43,081
	$ 334,986	$ 244	$ 169	$ 17	$ 335,416	$ 290,006

(1) Expenses - Directly Incurred as per Statement of Operations.

(2) Costs shown for Accommodation on schedule 5.

(3) Costs shown for Support Service Arrangements on schedule 5.

(4) Costs shown for Legal Services on schedule 5.

Persons with Development Disabilities
Provincial Board
Schedule of Related Party Transactions

Schedule 5

For the year ended March 31, 2001
(in thousands)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Provincial Board.

The Provincial Board and the employees assigned to it from the Department of Health and Wellness paid or collected certain taxes and fees set by regulation for permits, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Provincial Board had the following transactions with related parties recorded at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities	
	2001	2000	2001	2000
Revenues:				
Department of Health and Wellness	$ 335,723	$ 291,463	$ -	$ -
Persons with Developmental Disabilities Northwest Region Community Board	-	177	-	-
Persons with Developmental Disabilities Northeast Alberta Community Board	129	644	-	-
Edmonton Community Board for Persons with Developmental Disabilities	113	-	-	-
Persons with Developmental Disabilities Central Alberta Community Board	141	-	-	-
Persons with Developmental Disabilities South Alberta Board	3	690	-	-
	$ 336,109	$ 292,974	$ -	$ -
Expenses:				
Persons with Developmental Disabilities Northwest Region Community Board	$ 12,400	$ 10,222	$ -	$ -
Persons with Developmental Disabilities Northeast Alberta Community Board	16,238	13,556	-	-
Edmonton Community Board for Persons with Developmental Disabilities	94,555	81,867	-	-
Persons with Developmental Disabilities Central Alberta Community Board	50,351	41,972	-	-
Persons with Developmental Disabilities Calgary Region Community Board	78,825	68,615	-	-
Persons with Developmental Disabilities South Alberta Board	36,279	30,864	-	-
Michener Centre Facility Board	43,689	43,081	-	-
	$ 332,337	$ 290,177	$ -	$ -
Accounts Receivable:				
Department of Health and Wellness	$ -	$ 27,998	$ -	$ -
Persons with Developmental Disabilities Northwest Region Community Board	-	260	-	-
Edmonton Community Board for Persons with Developmental Disabilities	-	95	-	-
Persons with Developmental Disabilities Central Alberta Community Board	-	437	-	-
Persons with Developmental Disabilities Calgary Region Community Board	-	1,766	-	-
Persons with Developmental Disabilities South Alberta Board	-	139	-	-
	$ -	$ 30,695	$ -	$ -
Accounts Payable and Accrued Liabilities:				
Department of Health and Wellness	$ -	$ 2,711	$ -	$ -
Department of Human Resources and Employment	-	-	-	88
Persons with Developmental Disabilities Northwest Region Community Board	-	937	-	-
Persons with Developmental Disabilities Northeast Alberta Community Board	-	2,161	-	-
Edmonton Community Board for Persons with Developmental Disabilities	-	8,884	-	-
Persons with Developmental Disabilities Central Alberta Community Board	-	2,951	-	-
Persons with Developmental Disabilities Calgary Region Community Board	-	4,549	-	-
Persons with Developmental Disabilities South Alberta Board	-	1,384	-	-
Michener Centre Facility Board	-	5,761	-	-
	$ -	$ 29,338	$ -	$ 88

The Provincial Board also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements and are disclosed in Schedule 4.

	Entities in the Ministry		Other Entities	
	2001	2000	2001	2000
Expenses - Incurred by Others:				
Department of Health and Wellness	$ 169	$ 175	$ -	$ -
Department of Infrastructure	$ -	$ -	$ 244	$ 217
Department of Justice	-	-	17	10
	$ 169	$ 175	$ 261	$ 227

Persons with Developmental Disabilities Northeast Alberta Community Board

Financial Statements

March 31, 2001

PERSONS WITH DEVELOPMENTAL DISABILITIES

NORTHEAST ALBERTA COMMUNITY BOARD

FINANCIAL STATEMENTS

MARCH 31, 2001

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Schedule of Related Party Transactions

AUDITOR
GENERAL
Alberta

AUDITOR'S REPORT

To the Members of the Board of Directors of the Persons with Developmental Disabilities Northeast Alberta Community Board and the Minister of Community Development

I have audited the statement of financial position of the Persons with Developmental Disabilities Northeast Alberta Community Board as at March 31, 2001 and the statements of operations and changes in financial position for the year then ended. These financial statements are the responsibility of the management of the Board. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Persons with Developmental Disabilities Northeast Alberta Community Board as at March 31, 2001 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

During the year the Board made payments for the provision of services to individuals whose disability did not meet the definition of a developmental disability as defined in the *Persons with Developmental Disabilities Community Governance Act*. Accordingly, expenses related to the care of these individuals do not comply with the Act. Management estimated that the total cost of these services was $84,000.

Peter Valentine FCA
Auditor General

Edmonton, Alberta
May 23, 2001

Persons with Developmental Disabilities
Northeast Alberta Community Board
Statement of Operations
For the year ended March 31, 2001
(in thousands)

	2001 Budget (Schedule 2)	2001 Actual	2000 Actual (As restated - Note 3)
Revenue			
Grant From Persons With Developmental Disabilities Provincial Board	$ 15,769	$ 16,238	$ 13,556
Previous Year's Refund of Expenditures	-	129	-
	15,769	16,367	13,556
Expenses (Schedule 1 and 4)			
Community Living Supports	8,508	8,070	6,750
Employment Supports	1,186	1,308	1,207
Community Access Supports	2,352	2,703	1,884
Specialized Community Supports	243	345	293
Supports to Delivery System	3,339	3,218	2,725
Board Governance	141	126	103
	15,769	15,770	12,962
Net Operating Results Before Transfer	-	597	594
Transfer From/(To) Persons With Developmental Disabilities Provincial Board	-	(129)	(644)
Net Operating Results	$ -	$ 468	$ (50)

The accompanying notes and schedules are part of these financial statements.

Persons with Developmental Disabilities
Northeast Alberta Community Board
Statement of Financial Position
As at March 31, 2001
(in thousands)

	2001	2000 (As restated - Note 3)
Assets		
Cash	$ 2,040	$ -
Accounts Receivable (Note 4)	1	2,165
Advances	5	1
	$ 2,046	$ 2,166
Liabilities		
Bank Overdraft	$ -	$ 646
Accounts Payable and Accrued Liabilities	984	926
	984	1,572
Net Assets (Liabilities)		
Net Assets (Liabilities), Beginning of Year	594	644
Net Operating Results	468	(50)
Net Assets (Liabilities), End of Year	1,062	594
	$ 2,046	$ 2,166

The accompanying notes and schedules are part of these financial statements.

Persons with Developmental Disabilities
Northeast Alberta Community Board
Statement of Changes in Financial Position
For the year ended March 31, 2001
(in thousands)

	2001	2000 (As restated - Note 3)
Operating Transactions		
Net Operating Results	$ 468	$ (50)
Decrease (Increase) in Accounts Receivable	2,164	(859)
Decrease (Increase) in Advances	(4)	1
Increase (Decrease) in Accounts Payable and Accrued Liab	58	262
Cash Provided (Used) by Operating Transactions	2,686	(646)
Cash/ (Bank Overdraft), Beginning of Year	(646)	-
Cash/ (Bank Overdraft), End of Year	$ 2,040	$ (646)

The accompanying notes and schedules are part of these financial statements.

Persons with Developmental Disabilities
Northeast Alberta Community Board
Notes to the Financial Statements
For the year ended March 31, 2001
(in thousands)

Note 1 Authority and Purpose

The Persons with Developmental Disabilities Northeast Community Board (the Board) is a corporation established on October 30, 1997 by way of a Ministerial Order. The Board operates under the authority of *the Persons with Developmental Disabilities Community Governance Act* and the *Government Organization Act*.

The purpose of the Board is to assist people with developmental disabilities, in the Northeast Region, to live valued and meaningful lives with dignity and self-worth in safe, caring, and supporting communities of their choice.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with the following accounting policies established by government. The Canadian Institute of Chartered Accountants is the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature, and published financial statements relating to either the public sector or analogous situations in the private sector are used to supplement the recommendations of the Public Sector Accounting Board where it is considered appropriate.

(a) Reporting Entity

The reporting entity is the Board, which is part of the Ministry of Health and Wellness and for which the Minister of Health and Wellness is accountable. The financial statements of the Ministry provide a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

On March 15, 2001 the government announced new ministry structures. As a result, effective March 19, 2001 the Board was transferred to the Ministry of Community Development.

Persons with Developmental Disabilities
Northeast Alberta Community Board
Notes to the Financial Statements
For the year ended March 31, 2001
(in thousands)

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Reporting Entity (continued)

Since the 2000/2001 fiscal year was substantially completed prior to this announcement, these notes to the financial statements have been prepared as if the restructuring took place on April 1, 2001 to provide proper accountability for the 2000/2001 fiscal year against the original business plan. While it has not affected any figures presented, references to the Ministry of Health and Wellness would be changed to the Ministry of Community Development if the restructuring had been represented within these statements.

The Board is economically dependent upon the Provincial Board for its funding. This funding is allocated in a manner approved by the Minister.

(b) Basis of Financial Reporting

Revenues

All revenues are reported using the accrual method of accounting.

Expenses

Directly Incurred

Directly incurred expenses are those costs the Board has primary responsibility and accountability for, as reflected in the government's budget documents. Directly incurred expenses are included in the Statement of Operations.

Incurred by Others

Services contributed by other entities in support of the Board operations are disclosed in schedule 4.

Employees are assigned to the Board through an arrangement with the Department of Health and Wellness. Certain costs associated with these employees are not reflected in the financial statements such as vacation liability. Balances outstanding with respect to the provision for vacation pay as at March 31, 2001 was $107 (March 31, 2000 - $94). Total increase/(decrease) in this provision during the 2001 fiscal year was $13 (2000 fiscal year - $(2)).

Persons with Developmental Disabilities
Northeast Alberta Community Board
Notes to the Financial Statements
For the year ended March 31, 2001
(in thousands)

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting (continued)

Expenses (continued)

Incurred by Others (continued)

Fees related to the audit of the March 31, 2001 financial statements have not been included in the Statement of Operations. Costs for this service have been estimated at $20 (2000 - $20).

Assets

Financial assets of the Board include cash and financial claims, such as receivables from other organizations or other advances.

The threshold for capitalizing new systems development is $100 and the threshold for all other capital assets is $15. All land is capitalized.

Liabilities

Liabilities represent all financial claims payable by the Board at fiscal year end.

Net Assets (Liabilities)

Net assets (liabilities) represents the difference between the value of assets held by the Board and its liabilities.

Note 3 Change in Accounting for Bonuses

In the prior years, bonuses paid to management, opted-out and bargaining unit employees were recorded as an expense in the financial statements of the Department of Health and Wellness. In the current year, the responsibility for these costs was changed retroactively to the Board. The effect of such a change in responsibility was to increase the fiscal year 2000 revenue, expense, accounts receivable, and accounts payable and accrued liabilities by $15 (1999 - $19).

This change has been applied retroactively.

Persons with Developmental Disabilities
Northeast Alberta Community Board
Notes to the Financial Statements
For the year ended March 31, 2001
(in thousands)

Note 4 Accounts Receivable

	2001			2000
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Accounts Receivable	$ 1		$ 1	$ 2,165

The current balance represents a GST receivable from the Federal Government of $1. (2000 balance includes a receivable from the Provincial Board of $2,161 and the Department of Health and Wellness of $4.)

Accounts receivable are unsecured and non-interest bearing.

Note 5 Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, advances, and accounts payable and accrued liabilities are estimated to approximate their book values.

Note 6 Voluntary Contributions

These financial statements do not include amounts relating to voluntary contributions received for materials and services.

Persons with Developmental Disabilities
Northeast Alberta Community Board
Notes to the Financial Statements
For the year ended March 31, 2001
(in thousands)

Note 7 Commitments

As at March 31, 2001, the Board has the following commitments:

	2001
Service contracts (a)	$ 6,836
Long-term leases (b)	5
	$ 6,841

(a) The actual amounts are dependent on the usage of service.

(b) The Board leases certain equipment under operating leases that expire on various dates. The aggregate amounts payable for the unexpired terms of these leases are as follows:

2002	$ 4
2003	1
	$ 5

Note 8 Surplus Retention Reserves

The Board has entered into contracts with third party agencies to provide support for individuals which it serves. Occasionally, the agencies do not spend all the funds they have been provided. When these unexpended amounts result from the efficient management of the program or fluctuations in service demand, the funds may be retained by the agency and, after obtaining approval from the CEO of the Board, spent in the following manner:

- to eliminate deficits,
- to acquire assets,
- to fund exceptional maintenance costs,
- for expenditures of a one-time nature that will not result in incremental or continuing operating costs.

Persons with Developmental Disabilities
Northeast Alberta Community Board
Notes to the Financial Statements
For the year ended March 31, 2001
(in thousands)

Note 8 Surplus Retention Reserves (continued)

Due to the unavailability of agency financial information, it is not possible to ascertain surplus retention reserves on hand at fiscal year end. The estimated balance of these reserves at March 31, 2001 was $109 (March 31, 2000 - $82). This amount is not reflected in these financial statements.

Note 9 Comparative Figures

Certain 2000 figures have been reclassified to conform to the 2001 presentation.

Note 10 Approval of Financial Statements

The financial statements were prepared by management and approved by the Chief Executive Officer and the Board.

Persons with Developmental Disabilities
Northeast Alberta Community Board
Expense Detailed by Object
For the year ended March 31, 2001
(in thousands)

Schedule 1

	2001		2000
	Budget	Actual	Actual (As restated - Note 3)
Manpower Costs (a)	$ 908	$ 854	$ 798
Supplies and Services	6,790	7,653	6,721
Supplies and Services from Support Service Arrangements with Related Parties (b)	-	7	-
Grants	8,071	7,256	5,443
Total Expenses	$ 15,769	$ 15,770	$ 12,962

(a) Manpower costs relate to employees assigned to the Board from the Department of Health and Wellness and are not employees of the Board.

(b) The Board receives information technology, communications, financial and human resources from Albe Corporate Service Centre through an arrangement with the Department of Human Resources and Employment.

Persons with Developmental Disabilities
Northeast Alberta Community Board
Budget **Schedule 2**
For the year ended March 31, 2001
(in thousands)

	2000/2001 Original Budget	Increases From Provincial Board	Community Board Reallocation	2000/2001 Current Allocation
Revenue				
Grant from Persons with Developmental Disabilities Provincial Board	$ 15,769	$ 469	$ -	$ 16,238
Expenses				
Community Living Supports	8,508	46	-	8,554
Employment Supports	1,186	88	-	1,274
Community Access Supports	2,352	463	-	2,815
Specialized Community Supports	243	41	-	284
Supports to Delivery System	3,339	(137)	-	3,202
Board Governance	141	(32)	-	109
	15,769	469	-	16,238
Net Operating Results	$ -	$ -	$ -	$ -

The 2000/2001 Original Budget was reported as part of the Government Estimates that were tabled in the Legislative Assembly of Alberta on February 4, 2000. As a result of changes in operational requirements that emerged during the fiscal year, the Provincial Board provided direction regarding changes in the level of funding to be allocated to the Northeast Alberta Community Board. The final result of this direction is presented above as the 2000/2001 Current Allocation, and was approved by the Provincial Board on February 8, 2001.

An interim budget was approved by the Northeast Alberta Community Board on May 6, 2000.

Persons with Developmental Disabilities
Northeast Alberta Community Board
Disclosure of Payments to Executives
For the year Ended March 31, 2001
(in thousands)

Schedule 3

	2001			2000
	Payments	Contributions	Total	Total [d]
Chair of the Board [a]	$ 18	$ -	$ 18	$ 12
Board Members (8 members) [a],[c]	$ 56	$ -	$ 56	$ 38
Chief Executive Officer [b]	$ 90	$ 22	$ 112	$ 100

[a] These amounts represent honoraria payments made to the Chair and Members of the Board.

[b] These payments are made to the Chief Executive Officer under contract with the Department of Health and Wellness. The Chief Executive Officer is assigned to the Board under an arrangement with the Department of Health and Wellness.

Contributions include payments for pension, health care, dental and medical coverage, group life insurance, long and short term disability plans.

[c] These positions were occupied by 9 individuals at various intervals during the year.

[d] 2000 expense totals have been restated to reflect an achievement bonus paid to the Chief Executive Officer (see Note 3).

Persons with Developmental Disabilities
Northeast Alberta Community Board
Allocated Costs
For the year ended March 31, 2001
(in thousands)

Schedule 4

	2001				2000
		Expenses - Incurred by Others			
	Expenses (1)	Accommodation Costs (2)	Support Service Arrangements (3)	Total Expenses	Total Expenses
Community Living Supports	$ 8,070	$ -	$ -	$ 8,070	$ 6,750
Employment Supports	1,308	-	-	1,308	1,207
Community Access Supports	2,703	-	-	2,703	1,884
Specialized Community Supports	345	-	-	345	293
Supports to Delivery System	3,218	51	329	3,598	3,161
Board Governance	126	-	-	126	103
	$ 15,770	$ 51	$ 329	$ 16,150	$ 13,398

(1) Expenses - Directly Incurred as per Statement of Operations.

(2) Costs shown for Accommodation (includes grants in lieu of taxes) on schedule 5.

(3) Costs shown for Support Service Arrangements on schedule 5.

Schedule 5

Persons with Development Disabilities
Northeast Alberta Community Board
Schedule of Related Party Transactions
For the year ended March 31, 2001
(in thousands)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Board.

The Board and the employees assigned to it from the Department of Health and Wellness paid or collected certain taxes and fees set by regulation for permits, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Board had the following transactions with related parties recorded at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities	
	2001	2000	2001	2000
Revenues:				
Persons with Developmental Disabilities Provincial Board	$ 16,238	$ 13,556	$ -	$ -
Expenses:				
Persons with Developmental Disabilities Provincial Board	$ 129	$ 644	$ -	$ -
Department of Human Resources and Employment	-	-	-	-
	$ 129	$ 644	$ -	$ -
Accounts Receivable:				
Persons with Developmental Disabilities Provincial Board	$ -	$ 2,161	$ -	$ -
Department of Human Resources and Employment	-	-	-	4
	$ -	$ 2,161	$ -	$ 4

The Board also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements and are disclosed in Schedule 4.

	Entities in the Ministry		Other Entities	
	2001	2000	2001	2000
Expenses - Incurred by Others				
Department of Health and Wellness	$ 329	$ 327		$ -
Department of Infrastructure	-	-	51	109
	$ 329	$ 327	$ 51	$ 109

Persons with Developmental Disabilities Northwest Region Community Board

Financial Statements

March 31, 2001

PERSONS WITH DEVELOPMENTAL DISABILITIES

NORTHWEST REGION COMMUNITY BOARD

FINANCIAL STATEMENTS

MARCH 31, 2001

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AUDITOR
GENERAL
Alberta

AUDITOR'S REPORT

To the Members of the Board of Directors of the Persons with Developmental Disabilities Northwest Region Community Board and the Minister of Community Development

I have audited the statement of financial position of the Persons with Developmental Disabilities Northwest Region Community Board as at March 31, 2001 and the statements of operations and changes in financial position for the year then ended. These financial statements are the responsibility of the management of the Board. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Persons with Developmental Disabilities Northwest Region Community Board as at March 31, 2001 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

During the year the Board made payments for the provision of services to individuals whose disability did not meet the definition of a developmental disability as defined in the *Persons with Developmental Disabilities Community Governance Act*. Accordingly, expenses related to the care of these individuals do not comply with the Act. Management estimated that the total cost of these services was $65,000.

Peter Valentine FCA
Auditor General

Edmonton, Alberta
May 23, 2001

Persons with Developmental Disabilities
Northwest Region Community Board
Statement of Operations
For the year ended March 31, 2001
(in thousands)

	2001		2000
	Budget (Schedule 2)	Actual	Actual (As restated - Note 3)
Revenue			
Grant From Persons With Developmental Disabilities Provincial Board	$ 11,821	$ 12,400	$ 10,222
Previous Year's Refund of Expenditures	-	6	-
	11,821	12,406	10,222
Expenses (Schedule 1 and 4)			
Community Living Supports	5,903	7,070	5,421
Employment Supports	902	1,007	799
Community Access Supports	1,304	1,139	1,157
Specialized Community Supports	807	342	375
Supports to Delivery System	2,763	2,730	2,380
Board Governance	142	104	90
	11,821	12,392	10,222
Net Operating Results Before Transfer	-	14	-
Transfer From/(To) Persons With Developmental Disabilities Provincial Board	-	-	(177)
Net Operating Results	$ -	$ 14	$ (177)

The accompanying notes and schedules are part of these financial statements.

Persons with Developmental Disabilities
Northwest Region Community Board
Statement of Financial Position
As at March 31, 2001
(in thousands)

	2001	2000 (As restated - Note 3)
Assets		
Cash	$ 573	$ -
Accounts Receivable (Note 4)	93	1,197
Advances	1	2
	$ 667	$ 1,199
Liabilities		
Bank Overdraft	$ -	$ 444
Accounts Payable and Accrued Liabilities	653	755
	653	1,199
Net Assets (Liabilities)		
Net Assets (Liabilities), Beginning of Year	-	177
Net Operating Results	14	(177)
Net Assets (Liabilities), End of Year	14	-
	$ 667	$ 1,199

The accompanying notes and schedules are part of these financial statements.

Persons with Developmental Disabilities
Northwest Region Community Board
Statement of Changes in Financial Position
For the year ended March 31, 2001
(in thousands)

	2001	2000 (As restated - Note 3)
Operating Transactions		
Net Operating Results	$ 14	$ (177)
Decrease (Increase) in Accounts Receivable	1,104	(662)
Decrease (Increase) in Advances	1	(1)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(102)	396
Cash Provided (Used) by Operating Transactions	1,017	(444)
Cash/(Bank Overdraft), Beginning of Year	(444)	-
Cash/(Bank Overdraft), End of Year	$ 573	$ (444)

The accompanying notes and schedules are part of these financial statements.

Persons with Developmental Disabilities Northwest Region Community Board Notes to the Financial Statements For the year ended March 31, 2001 (in thousands)

Note 1 Authority and Purpose

The Persons with Developmental Disabilities Northwest Region Community Board (the Board) is a corporation established on October 30, 1997 by way of a Ministerial Order. The Board operates under the authority of the *Persons with Developmental Disabilities Community Governance Act* and the *Government Organization Act.*

The vision of the Board is persons with developmental disabilities as leaders and partners in the delivery of dynamic integrated services in a fully involved caring community.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with the following accounting policies established by government. The Canadian Institute of Chartered Accountants is the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature, and published financial statements relating to either the public sector or analogous situations in the private sector are used to supplement the recommendations of the Public Sector Accounting Board where it is considered appropriate.

(a) Reporting Entity

The reporting entity is the Board, which is part of the Ministry of Health and Wellness and for which the Minister of Health and Wellness is accountable. The financial statements of the Ministry provide a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

On March 15, 2001 the government announced new ministry structures. As a result, effective March 19, 2001 the Board was transferred to the Ministry of Community Development.

Persons with Developmental Disabilities
Northwest Region Community Board
Notes to the Financial Statements
For the year ended March 31, 2001
(in thousands)

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(a) Reporting Entity (continued)

Since the 2000/2001 fiscal year was substantially completed prior to this announcement, these notes to the financial statements have been prepared as if the restructuring took place on April 1, 2001 to provide proper accountability for the 2000/2001 fiscal year against the original business plan. While it has not affected any figures presented, references to the Ministry of Health and Wellness would be changed to the Ministry of Community Development if the restructuring had been represented within these statements.

The Board is economically dependent upon the Provincial Board for its funding. This funding is allocated in a manner approved by the Minister.

(b) Basis of Financial Reporting

Expenses

Directly Incurred

Directly incurred expenses are those costs the Board has primary responsibility and accountability for, as reflected in the government's budget documents. Directly incurred expenses are included in the Statement of Operations.

Incurred by Others

Services contributed by other entities in support of the Board operations are disclosed in Schedule 4.

Employees are assigned to the Board through an arrangement with the Department of Health and Wellness. Certain costs associated with these employees are not reflected in the financial statements such as vacation liability. Balances outstanding with respect to the provision for vacation pay as at March 31, 2001 was $90 (March 31, 2000 - $74). Total increase/(decrease) in this provision during the 2001 fiscal year was $16 (2000 fiscal year - $(1)).

Fees related to the audit of the March 31, 2001 financial statements have not been included in the Statement of Operations. Costs for this service have been estimated at $19 (1999 - $20)

Persons with Developmental Disabilities
Northwest Region Community Board
Notes to the Financial Statements
For the year ended March 31, 2001
(in thousands)

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting (continued)

Assets

Financial assets of the Board include cash and financial claims, such as receivables from other organizations or other advances.

The threshold for capitalizing new systems development is $100 and the threshold for all other capital assets is $15. All land is capitalized.

Liabilities

Liabilities represent all financial claims payable by the Board at fiscal year end.

Net Assets (Liabilities)

Net assets (liabilities) represents the difference between the value of assets held by the Board and its liabilities.

Note 3 Change in Accounting for Bonuses

In the prior years, bonuses paid to management, opted-out and bargaining unit employees were recorded as an expense in the financial statements of the Department of Health and Wellness. In the current year, the responsibility for these costs was changed retroactively by the Board. The effect of such a change in responsibility was to increase the fiscal year 2000's revenue, expenses, accounts receivable, and accounts payable and accrued liabilities by $16 (1999 - $19).

Persons with Developmental Disabilities
Northwest Region Community Board
Notes to the Financial Statements
For the year ended March 31, 2001
(in thousands)

Note 4 Accounts Receivable

	2001			2000
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Accounts Receivable	$ 93		$ 93	$ 1,197

The current balance includes miscellaneous receivables from non-related sources. (2000 balance includes a receivable from the Provincial Board of $937 and the Department of Children's Services of $260).

Accounts receivable are unsecured and non-interest bearing.

Note 5 Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, advances, and accounts payable and accrued liabilities are estimated to approximate their book values.

Note 6 Voluntary Contributions

These financial statements do not include amounts relating to voluntary contributions received for materials and services.

Persons with Developmental Disabilities
Northwest Region Community Board
Notes to the Financial Statements
For the year ended March 31, 2001
(in thousands)

Note 7 Commitments

As at March 31, 2001, the Board has the following commitments:

	2001
Service contracts (a)	$ 3,517
Long-term leases (b)	20
	$ 3,537

[a] The actual amounts are dependent on the usage of service.

[b] The Board leases certain equipment under operating leases that expire on various dates. The aggregate amounts payable for the unexpired terms of these leases are as follows:

2002	$ 12
2003	5
2004	3
	$ 20

Note 8 Surplus Retention Reserves

The Board has entered into contracts with third party agencies to provide support for individuals which it serves. Occasionally, the agencies do not spend all the funds they have been provided. When these unexpended amounts result from the efficient management of the program or fluctuations in service demand, the funds may be retained by the agency and, after obtaining approval from the CEO of the Board, spent in the following manner:

- to eliminate deficits,
- to acquire assets,
- to fund exceptional maintenance costs,
- for expenditures of a one-time nature that will not result in incremental or continuing operating costs.

Persons with Developmental Disabilities
Northwest Region Community Board
Notes to the Financial Statements
For the year ended March 31, 2001
(in thousands)

Note 8 Surplus Retention Reserves (continued)

Due to the unavailability of agency financial information, it is not possible to ascertain surplus retention reserves on hand at fiscal year end. The estimated balance of these reserves at March 31, 2001 was $70 (March 31, 2000 - $139). This amount is not reflected in these financial statements.

Note 9 Comparative Figures

Certain 2000 figures have been reclassified to conform to the 2001 presentation.

Note 10 Approval of Financial Statements

The financial statements were prepared by management and approved by the Chief Executive Officer and the Board.

Persons with Developmental Disabilities
Northwest Region Community Board
Expense Detailed by Object **Schedule 1**
For the year ended March 31, 2001
(in thousands)

	2001		2000
	Budget	Actual	Actual (As restated - Note 3)
Manpower Costs (a)	$ 825	$ 709	$ 681
Supplies and Services	4,870	5,236	4,407
Grants	6,126	6,447	5,134
Total Expenses	$ 11,821	$ 12,392	$ 10,222

(a) Manpower costs relate to employees assigned to the Board from the Department of Health and Wellness and are not employees of the Board.

Persons with Developmental Disabilities
Northwest Region Community Board
Budget
For the year ended March 31, 2001
(in thousands)

Schedule 2

	2000/2001 Original Budget	Increases From Provincial Board	Community Board Reallocation	2000/2001 Current Allocation
Revenue				
Grant from Persons with Developmental Disabilities Provincial Board	$ 11,821	$ 579	$ -	$ 12,400
Expenses				
Community Living Supports	5,903	-	-	5,903
Employment Supports	902	5	-	907
Community Access Supports	1,304	-	-	1,304
Specialized Community Supports	807	-	-	807
Supports to Delivery System	2,763	574	-	3,337
Board Governance	142	-	-	142
	11,821	579	-	12,400
Net Operating Results	$ -	$ -	$ -	$ -

An interim budget was reported as part of the Government Estimates that were tabled in the Legislative Assembly of Alberta on February 4, 2000. As a result of changes in operational requirements that emerged during the fiscal year, the Provincial Board provided direction regarding changes in the level of funding to be allocated to the Northwest Alberta Community Board. The final result of this direction is presented above as the 2000/2001 Current Allocation, and was approved by the Provincial Board on February 8, 2001.

Northwest Region Community Board
Disclosure of Payments to Executives
For the year ended March 31, 2001
(in thousands)

Schedule 3

	2001			2000
	Payments	Contributions	Total	Total [e]
Chair of the Board [a],[c]	$ 17	$ -	$ 17	$ 18
Board Members (8 members) [a],[d]	$ 57	$ -	$ 57	$ 41
Chief Executive Officer [b]	$ 79	$ 14	$ 93	$ 90

[a] These amounts represent honoraria payments made to the Chair and Members of the Board.

[b] These payments are made to the Chief Executive Officer under contract with the Department of Health and Wellness. The Chief Executive Officer is assigned to the Board under an arrangement with the Department of Health and Wellness.

Contributions include payments for pension, health care, dental and medical coverage, group life insurance, long and short term disability plans.

[c] This position was occupied by two individuals during the year. The previous incumbent's term was completed on December 31, 2000.

[d] These positions were occupied by eight individuals at various intervals during the year. At March 31, 2001 six of the eight positions were occupied.

[e] 2000 expense totals have been restated to reflect achievement bonus paid to the Chief Executive Officer (see Note 3).

Persons with Developmental Disabilities
Northwest Region Community Board
Allocated Costs
For the year ended March 31, 2001
(in thousands)

Schedule 4

	2001				2000
		Expenses - Incurred by Others			
	Expenses (1)	Accommodation Costs (2)	Support Service Arrangements (3)	Total Expenses	Total Expenses
Community Living Supports	$ 7,070	$ -	$ -	$ 7,070	$ 5,421
Employment Supports	1,007	-	-	1,007	799
Community Access Supports	1,139	24	-	1,163	1,157
Specialized Community Supports	342	-	-	342	375
Supports to Delivery System	2,730	69	251	3,050	2,721
Board Governance	104	-	-	104	90
	$ 12,392	$ 93	$ 251	$ 12,736	$ 10,563

(1) Expenses - Directly Incurred as per Statement of Operations.

(2) Costs shown for Accommodation (includes grants in lieu of taxes) on Schedule 5.

(3) Costs shown for Support Service Arrangements on Schedule 5.

Persons with Developmental Disabilities
Northwest Region Community Board
Schedule of Related Party Transactions
For the year ended March 31, 2001
(in thousands)

Schedule 5

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Board.

The Board and the employees assigned to it from the Department of Health and Wellness paid or collected certain taxes and fees set by regulation for permits, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Board had the following transactions with related parties recorded at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities	
	2001	2000	2001	2000
Revenues:				
Persons with Developmental Disabilities Provincial Board	$ 12,400	$ 10,222	$ -	$ -
Expenses:				
Persons with Developmental Disabilities Provincial Board	$ -	$ 177	$ -	$ -
Department of Infrastructure	-	-	4	1
	$ -	$ 177	$ 4	$ 1
Accounts Receivable:				
Persons with Developmental Disabilities Provincial Board	$ -	$ 937	$ -	$ -
Department of Children's Services	-	-	-	260
	$ -	$ 937	$ -	$ 260
Accounts Payable and Accrued Liabilities:				
Persons with Developmental Disabilities Provincial Board	$ -	$ 260	$ -	$ -

The Board also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements and are disclosed in Schedule 4.

	Entities in the Ministry		Other Entities	
	2001	2000	2001	2000
Expenses - Incurred by Others				
Department of Health and Wellness	$ 251	$ 237	$ -	$ -
Department of Infrastructure	-	-	93	104
	$ 251	$ 237	$ 93	$ 104

Edmonton Community Board for Persons with Developmental Disabilities

Financial Statements

March 31, 2001

EDMONTON COMMUNITY BOARD

FOR PERSONS WITH DEVELOPMENTAL DISABILITIES

FINANCIAL STATEMENTS

MARCH 31, 2001

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Schedule of Related Party Transactions

AUDITOR
GENERAL
Alberta

AUDITOR'S REPORT

To the Members of the Board of Directors of the Edmonton Community Board for Persons with Developmental Disabilities and the Minister of Community Development

I have audited the statement of financial position of the Edmonton Community Board for Persons with Developmental Disabilities as at March 31, 2001 and the statements of operations and changes in financial position for the year then ended. These financial statements are the responsibility of the management of the Board. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The accrued cost of vacation pay obligations, as disclosed in Note 2, for employees assigned to the Board has not been recorded in the accompanying statement of financial position and the related expense for the annual change in the liability has not been recognized in the statement of operations. The effect of this departure from Canadian generally accepted accounting principles is to understate liabilities by $1,109,000 and expenses by $112,000.

Note 10 to the financial statements discloses estimated amounts held by contracted agencies as surplus retention reserves that are subject to Board control and to be used for particular purposes in the future delivery of programs. Such amounts are not included in the financial statements as required by Canadian generally accepted accounting principles. The effect is to understate assets by an estimated $395,000 and to overstate expenses by an estimated $221,000.

In my opinion, except for the effect of the matters discussed in the preceding paragraphs, these financial statements present fairly, in all material respects, the financial position of the Edmonton Community Board for Persons with Developmental Disabilities as at March 31, 2001 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

During the year the Board made payments for the provision of services to individuals whose disability did not meet the definition of a developmental disability as defined in the *Persons with Developmental Disabilities Community Governance Act*. Accordingly, expenses related to the care of these individuals do not comply with the Act. Management estimated that the total cost of these services was $1,190,000.

Peter Valentine FCA
Auditor General

Edmonton, Alberta
May 17, 2001

Edmonton Community Board
For Persons with Developmental Disabilities
Statement of Operations
For the year ended March 31, 2001
(in thousands)

	2001		2000
	Budget (Schedule 2)	Actual	Actual (As restated - Note 3)
Revenue			
Grant From Persons With Developmental Disabilities Provincial Board	$ 87,474	$ 94,555	$ 80,934
Previous Year's Refund of Expenditures	-	113	-
	87,474	94,668	80,934
Expenses (Schedule 1 and 4)			
Community Living Supports	56,220	60,102	52,130
Employment Supports	6,754	5,989	4,969
Community Access Supports	9,895	12,114	10,227
Specialized Community Supports	350	668	348
Direct Operations	-	1,148	1,244
Supports to Delivery System	14,176	14,256	11,941
Board Governance	79	106	74
	87,474	94,383	80,933
Net Operating Results Before Transfer	-	285	1
Transfer From/(To) Persons With Developmental Disabilities Provincial Board	-	(113)	932
Net Operating Results	$ -	$ 172	$ 933

The accompanying notes and schedules are part of these financial statements.

Edmonton Community Board
For Persons with Developmental Disabilities
Statement of Financial Position
As at March 31, 2001
(in thousands)

	2001	2000 (As restated - Note 3)
Assets		
Cash	$ 4,595	$ -
Accounts Receivable (Note 4)	1	8,897
Capital Assets (Note 7)	13	15
	$ 4,609	$ 8,912
Liabilities		
Bank Overdraft	$ -	$ 4,325
Accounts Payable and Accrued Liabilities	4,437	4,587
	4,437	8,912
Net Assets (Liabilities)		
Net Assets (Liabilities), Beginning of Year	-	(933)
Net Operating Results	172	933
Net Assets (Liabilities), End of Year	172	-
	$ 4,609	$ 8,912

The accompanying notes and schedules are part of these financial statements.

Edmonton Community Board
For Persons with Developmental Disabilities
Statement of Changes in Financial Position
For the year ended March 31, 2001
(in thousands)

	2001	2000 (As restated - Note 3)
Operating Transactions		
Net Operating Results	$ 172	$ 933
Non Cash Items		
Amortization	2	2
	174	935
Decrease (Increase) in Accounts Receivable	8,896	(6,138)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(150)	878
Cash Provided (Used) by Operating Transactions	8,920	(4,325)
Cash/(Bank Overdraft), Beginning of Year	(4,325)	-
Cash/(Bank Overdraft), End of Year	$ 4,595	$ (4,325)

The accompanying notes and schedules are part of these financial statements.

Edmonton Community Board
For Persons with Developmental Disabilities
Notes to the Financial Statements
For the year ended March 31, 2001
(in thousands)

Note 1 Authority and Purpose

The Edmonton Community Board for Persons with Developmental Disabilities (the Board) is a corporation established on October 30, 1997 by way of a Ministerial Order. The Board operates under the authority of the *Persons with Developmental Disabilities Community Governance Act* and the *Government Organization Act.*

Through advocacy and service, the Board helps adults with developmental disabilities to live, as independently as possible, within the community.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with the following accounting policies established by government. The Canadian Institute of Chartered Accountants is the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature, and published financial statements relating to either the public sector or analogous situations in the private sector are used to supplement the recommendations of the Public Sector Accounting Board where it is considered appropriate.

(a) Reporting Entity

The reporting entity is the Board, which is part of the Ministry of Health and Wellness and for which the Minister of Health and Wellness is accountable. The financial statements of the Ministry provide a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

On March 15, 2001 the government announced new ministry structures. As a result, effective March 19, 2001 the Board was transferred to the Ministry of Community Development.

Since the 2000/2001 fiscal year was substantially completed prior to this announcement, these notes to the financial statements have been prepared as if the restructuring took place on April 1, 2001 to provide proper accountability for the 2000/2001 fiscal year against the original business plan. While it has not affected any figures presented, references to the Ministry of Health and Wellness would be changed to the Ministry of Community Development if the restructuring had been represented within these statements.

Note 2 Summary of Significant Accounting Policies and Reporting Practices
(continued)

(a) Reporting Entity

The Board is economically dependent upon the Provincial Board for its funding. This funding is allocated in a manner approved by the Minister.

(b) Basis of Financial Reporting

Expenses

Directly Incurred

Directly incurred expenses are those costs the Board has primary responsibility and accountability for, as reflected in the government's budget documents. Directly incurred expenses are included in the Statement of Operations. Directly incurred expenses include amortization of capital assets.

Incurred by Others

Services contributed by other entities in support of the Board operations are disclosed in Schedule 4.

Employees are assigned to the Board through an arrangement with the Department of Health and Wellness. Certain costs associated with these employees are not reflected in the financial statements such as vacation liability. Balances outstanding with respect to the provision for vacation pay as at March 31, 2001 was $1,109 (March 31, 2000 - $996). Total increase/(decrease) in this provision during the 2001 fiscal year was $112 (2000 fiscal year - $(770)).

Fees related to the audit of the March 31, 2001 financial statements have not been included in the Statement of Operations. Costs for this service have been estimated at $28 (2000 - $29).

Assets

Financial assets of the Board include cash and financial claims, such as receivables from other organizations.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting (continued)

Assets (continued)

Capital assets of the Board are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $100 and the threshold for all other capital assets is $15. All land is capitalized.

Liabilities

Liabilities represent all financial claims payable by the Board at fiscal year end.

Net Assets (Liabilities)

Net assets (liabilities) represents the difference between the value of assets held by the Board and its liabilities.

Note 3 Change in Accounting for Bonuses

In the prior years, bonuses paid to management, opted-out and bargaining unit employees were recorded as an expense in the financial statements of the Department of Health and Wellness. In the current year, the responsibility for these costs was changed retroactively to the Board. The effect of such a change in responsibility was to increase the fiscal year 2000 revenue, expense, accounts receivable, and accounts payable and accrued liabilities by $180 (1999 - $345).

Edmonton Community Board
For Persons with Developmental Disabilities
Notes to the Financial Statements
For the year ended March 31, 2001
(in thousands)

Note 4 Accounts Receivable

	2001			2000
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Accounts Receivable	$ 1		$ 1	$ 8,897

The current balance represents a GST receivable from the Federal Government of $1. (2000 balance includes a receivable from the Provincial Board of $8,884, the Department of Human Resources and Employment of $3 and miscellaneous receivable of $10.)

Accounts receivable are unsecured and non-interest bearing.

Note 5 Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, and accounts payable and accrued liabilities are estimated to approximate their book values.

Note 6 Voluntary Contributions

These financial statements do not include amounts relating to voluntary contributions received for materials and services.

Note 7 Capital Assets

	2001				2000
	Estimated Useful Life	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Equipment	10 yrs	$ 17	$ 4	$ 13	$ 15

Edmonton Community Board
For Persons with Developmental Disabilities
Notes to the Financial Statements
For the year ended March 31, 2001
(in thousands)

Note 8 Commitments

As at March 31, 2001, the Board has the following commitments:

	2001
Service contracts (a)	$ 3,135
Long-term leases (b)	9
	$ 3,144

[a] The actual amounts are dependent on the usage of service.

[b] The Board leases certain equipment under operating leases that expire on various dates. The aggregate amounts payable for the unexpired terms of these leases are as follows:

2002	$ 3
2003	3
2004	3
	$ 9

Edmonton Community Board
For Persons with Developmental Disabilities
Notes to the Financial Statements
For the year ended March 31, 2001
(in thousands)

Note 9 Trust Funds Under Administration

The Board administers trust funds. Because the Province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the Board's financial statements.

As at March 31, 2001 trust funds under administration were as follows:

	2001	2000
Donation to clients	$ 4	$ 3
Client Trust Funds	68	58
	$ 72	$ 61

Note 10 Surplus Retention Reserves

The Board has entered into contracts with third party agencies to provide support for individuals which it serves. Occasionally, the agencies do not spend all the funds they have been provided. When these unexpended amounts result from the efficient management of the program or fluctuations in service demand, the funds may be retained by the agency and, after obtaining approval from the CEO of the Board, spent in the following manner:

- to eliminate deficits,
- to acquire assets,
- to fund exceptional maintenance costs,
- for expenditures of a one-time nature that will not result in incremental or continuing operating costs.

Due to the unavailability of agency financial information, it is not possible to ascertain surplus retention reserves on hand at fiscal year end. The estimated balance of these reserves at March 31, 2001 was $395 (March 31, 2000 - $174). This amount is not reflected in these financial statements.

Edmonton Community Board
For Persons with Developmental Disabilities
Notes to the Financial Statements
For the year ended March 31, 2001
(in thousands)

Note 11 Comparative Figures

Certain 2000 figures have been reclassified to conform to the 2001 presentation.

Note 12 Approval of Financial Statements

The financial statements were prepared by management and approved by the Chief Executive Officer and the Board.

Edmonton Community Board
For Persons with Developmental Disabilities
Expense Detailed by Object
For the year ended March 31, 2001
(in thousands)

Schedule 1

	2001		2000
	Budget	Actual	Actual (As restated - Note 3)
Manpower Costs (a)	$ 14,953	$ 11,352	$ 11,420
Supplies and Services	27,396	39,618	32,057
Grants	45,123	43,411	37,454
Amortization of Capital Assets	2	2	2
Total Expenses	$ 87,474	$ 94,383	$ 80,933

(a) Manpower costs relate to employees assigned to the Board from the Department of Health and Wellness and are not employees of the Board.

Edmonton Community Board
For Persons with Developmental Disabilities
Budget
For the year ended March 31, 2001
(in thousands)

Schedule 2

	2000/2001 Original Budget	Increases From Provincial Board	Community Board Reallocation	2000/2001 Current Allocation
Revenue				
Grant from Persons with Developmental Disabilities Provincial Board	$ 87,474	$ 7,081	$ -	$ 94,555
Expenses				
Community Living Supports	56,220	4,048	6	60,274
Employment Supports	6,754	86	(851)	5,989
Community Access Supports	9,895	2,390	(171)	12,114
Specialized Community Supports	350	254	64	668
Direct Operations	-	305	843	1,148
Supports to Delivery System	14,176	(2)	82	14,256
Board Governance	79	-	27	106
	87,474	7,081	-	94,555
Net Operating Results	$ -	$ -	$ -	$ -

The 2000/2001 Original Budget was reported as part of the Government Estimates that were tabled in the Legislative Assembly of Alberta on February 4, 2000. As a result of changes in operational requirements that emerged during the fiscal year, the Provincial Board provided direction regarding changes in the level of funding to be allocated to the Edmonton Community Board. The final result of this direction is presented above as the 2000/2001 Current Allocation, and was approved by the Provincial Board on February 8, 2001.

The 2000/2001 Original Budget was approved by the Edmonton Community Board on June 28, 2000.

Edmonton Community Board
For Persons with Developmental Disabilities **Schedule 3**
Disclosure of Payments to Executives
For the year ended March 31, 2001
(in thousands)

	2001			2000
	Payments	Contributions	Total	Total [d]
Chair of the Board [a]	$ 23	$ -	$ 23	$ 21
Board Members (8 members) [a],[c]	$ 65	$ -	$ 65	$ 54
Chief Executive Officer [b]	$ 101	$ 5	$ 106	$ 97

[a] These amounts represent honoraria payments made to the Chair and Members of the Board.

[b] These payments are made to the Chief Executive Officer under contract with the Department of Health and Wellness. The Chief Executive Officer is assigned to the Board under an arrangement with the Department of Health and Wellness.

Contributions include payments for health care, dental and medical coverage, group life insurance, long and short term disability plans.

[c] These positions were occupied by 10 individuals at various intervals during the year.

[d] 2000 expense totals have been restated to reflect achievement bonus paid to the Chief Executive Officer (see Note 3).

Edmonton Community Board
For Persons with Developmental Disabilities
Allocated Costs
For the year ended March 31, 2001
(in thousands)

Schedule 4

	2001				2000
		Expenses - Incurred by Others			
	Expenses (1)	Accommodation Costs (2)	Support Service Arrangements (3)	Total Expenses	Total Expenses
Community Living Supports	$ 60,102	$ 557	$ -	$ 60,659	$ 52,266
Employment Supports	5,989	-	-	5,989	5,787
Community Access Supports	12,114	-	-	12,114	10,261
Specialized Community Supports	668	-	-	668	448
Direct Operations	1,148	-	-	1,148	860
Supports to Delivery System	14,256	269	1,914	16,439	13,980
Board Governance	106	-	-	106	74
	$ 94,383	$ 826	$ 1,914	$ 97,123	$ 83,676

(1) Expenses - Directly Incurred as per Statement of Operations.

(2) Costs shown for Accommodation (includes grants in lieu of taxes) on Schedule 5.

(3) Costs shown for Support Service Arrangements on Schedule 5.

Edmonton Community Board
For Persons with Developmental Disabilities
Schedule of Related Party Transactions
For the year ended March 31, 2001
(in thousands)

Schedule 5

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Board.

The Board and the employees assigned to it from the Department of Health and Wellness paid or collected certain taxes and fees set by regulation for permits, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Board had the following transactions with related parties recorded at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities	
	2001	2000	2001	2000
Revenues:				
Persons with Developmental Disabilities Provincial Board	$ 94,555	$ 81,866	$ -	$ -
Expenses:				
Persons with Developmental Disabilities Provincial Board	$ 113	$ -	$ -	$ -
Department of Infrastructure	-	-	19	14
	$ 113	$ -	$ 19	$ 14
Accounts Receivable:				
Persons with Developmental Disabilities Provincial Board	$ -	$ 8,884	$ -	$ -
Department of Human Resources and Employment	-	-	-	3
	$ -	$ 8,884	$ -	$ 3
Accounts Payable and Accrued Liabilities:				
Persons with Developmental Disabilities Provincial Board	$ -	$ 95	$ -	$ -
CFSA #10 - Ma'mowe Capital Region	-	-	-	13
	$ -	$ 95	$ -	$ 13

The Board also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements and are disclosed in Schedule 4.

	Entities in the Ministry		Other Entities	
	2001	2000	2001	2000
Expenses - Incurred by Others				
Department of Health and Wellness	$ 1,914	$ 1,973	$ -	$ -
Department of Infrastructure	-	-	826	770
	$ 1,914	$ 1,973	$ 826	$ 770

Persons with Developmental Disabilities Central Alberta Community Board

Financial Statements

March 31, 2001

PERSONS WITH DEVELOPMENTAL DISABILITIES

CENTRAL ALBERTA COMMUNITY BOARD

FINANCIAL STATEMENTS

MARCH 31, 2001

Auditor's Report

Statement of Operations

Statement of Financial Position

Statement of Changes in Financial Position

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Schedule of Related Party Transactions

AUDITOR
GENERAL
Alberta

AUDITOR'S REPORT

To the Members of the Board of Directors of the Persons with Developmental Disabilities Central Alberta Community Board and the Minister of Community Development

I have audited the statement of financial position of the Persons with Developmental Disabilities Central Alberta Community Board as at March 31, 2001 and the statements of operations and changes in financial position for the year then ended. These financial statements are the responsibility of the management of the Board. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Persons with Developmental Disabilities Central Alberta Community Board as at March 31, 2001 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

During the year the Board made payments for the provision of services to individuals whose disability did not meet the definition of a developmental disability as defined in the *Persons with Developmental Disabilities Community Governance Act*. Accordingly, expenses related to the care of these individuals do not comply with the Act. Management estimated that the total cost of these services was $280,000.

Peter Valentine FCA
Auditor General

Edmonton, Alberta
May 16, 2001

Persons with Developmental Disabilities
Central Alberta Community Board
Statement of Operations
For the year ended March 31, 2001
(in thousands)

	2001		2000
	Budget (Schedule 2)	Actual	Actual
Revenue			
Grant From Persons With Developmental Disabilities Provincial Board	$ 45,769	$ 50,351	$ 41,455
Previous Year's Refund of Expenditures	-	141	-
	45,769	50,492	41,455
Expenses (Schedule 1 and 4)			
Community Living Supports	29,589	32,357	28,381
Employment Supports	2,368	2,702	1,218
Community Access Supports	7,102	7,135	7,002
Specialized Community Supports	394	117	137
Supports to Delivery System	6,211	6,635	4,622
Board Governance	105	119	95
	45,769	49,065	41,455
Net Operating Results Before Transfer	-	1,427	-
Transfer From/(To) Persons With Developmental Disabilities Provincial Board	-	(141)	517
Net Operating Results	$ -	$ 1,286	$ 517

The accompanying notes and schedules are part of these financial statements.

Persons with Developmental Disabilities
Central Alberta Community Board
Statement of Financial Position
As at March 31, 2001
(in thousands)

	2001	2000
Assets		
Cash	$ 3,269	$ -
Accounts Receivable (Note 3)	2	3,403
	$ 3,271	$ 3,403
Liabilities		
Bank Overdraft	$ -	$ 1,411
Accounts Payable and Accrued Liabilities	1,985	1,992
	1,985	3,403
Net Assets (Liabilities)		
Net Assets (Liabilities), Beginning of Year	-	(517)
Net Operating Results	1,286	517
Net Assets (Liabilities), End of Year	1,286	-
	$ 3,271	$ 3,403

The accompanying notes and schedules are part of these financial statements.

Persons with Developmental Disabilities Central Alberta Community Board
Statement of Changes in Financial Position
For the year ended March 31, 2001
(in thousands)

	2001	2000
Operating Transactions		
Net Operating Results	$ 1,286	$ 517
Decrease (Increase) in Accounts Receivable	3,401	(2,509)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(7)	581
Cash Provided (Used) by Operating Transactions	4,680	(1,411)
Cash/(Bank Overdraft), Beginning of Year	(1,411)	-
Cash/(Bank Overdraft), End of Year	$ 3,269	$ (1,411)

The accompanying notes and schedules are part of these financial statements.

Persons with Developmental Disabilities Central Alberta Community Board
Notes to the Financial Statements
For the year ended March 31, 2001
(in thousands)

Note 1 Authority and Purpose

The Persons with Developmental Disabilities Central Alberta Community Board (the Board) is a corporation established on October 30, 1997 by way of a Ministerial Order. The Board operates under the authority of the *Persons with Developmental Disabilities Community Governance Act* and the *Government Organization Act.*

Alberta Health & Wellness, through the Persons with Developmental Disabilities Central Alberta Community Board provides supports to enable adults with developmental disabilities, with the help of their family & friends, to live, work and participate in their community as valued citizens. This is done through Community Living, Respite, and Community Participation Supports which are provided through contracted services or the Individual Funding Program.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with the following accounting policies established by government. The Canadian Institute of Chartered Accountants is the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature, and published financial statements relating to either the public sector or analogous situations in the private sector are used to supplement the recommendations of the Public Sector Accounting Board where it is considered appropriate.

(a) Reporting Entity

The reporting entity is the Board, which is part of the Ministry of Health and Wellness and for which the Minister of Health and Wellness is accountable. The financial statements of the Ministry provide a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

On March 15, 2001 the government announced new ministry structures. As a result, effective March 19, 2001 the Board was transferred to the Ministry of Community Development.

Persons with Developmental Disabilities
Central Alberta Community Board
Notes to the Financial Statements
For the year ended March 31, 2001
(in thousands)

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(a) Reporting Entity (continued)

Since the 2000/2001 fiscal year was substantially completed prior to this announcement, these notes to the financial statements have been prepared as if the restructuring took place on April 1, 2001 to provide proper accountability for the 2000/2001 fiscal year against the original business plan. While it has not affected any figures presented, references to the Ministry of Health and Wellness would be changed to the Ministry of Community Development if the restructuring had been represented within these statements.

The Board is economically dependent upon the Provincial Board for its funding. This funding is allocated in a manner approved by the Minister.

(b) Basis of Financial Reporting

Expenses

Directly Incurred

Directly incurred expenses are those costs the Board has primary responsibility and accountability for, as reflected in the government's budget documents. Directly incurred expenses are included in the Statement of Operations.

Incurred by Others

Services contributed by other entities in support of the Board operations are disclosed in Schedule 4.

Employees are assigned to the Board through an arrangement with the Department of Health and Wellness. Certain costs associated with these employees are not reflected in the financial statements such as vacation liability. Balances outstanding with respect to the provision for vacation pay as at March 31, 2001 were $257 (March 31, 2000 - $193). Total increase in this provision during the 2001 fiscal year was $64 (2000 fiscal year - $17).

Fees related to the audit of the March 31, 2001 financial statements have not been included in the Statement of Operations. Costs for this service have been estimated at $18 (2000 - $15).

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting (continued)

Assets

Financial assets of the Board include cash and financial claims, such as receivables from other organizations.

The threshold for capitalizing new systems development is $100 and the threshold for all other capital assets is $15. All land is capitalized.

Liabilities

Liabilities represent all financial claims payable by the Board at fiscal year end.

Net Assets (Liabilities)

Net assets (liabilities) represents the difference between the value of assets held by the Board and its liabilities.

Note 3 Accounts Receivable

	2001			2000
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Accounts Receivable	$ 2		$ 2	$ 3,403

The current balance represents a GST receivable from the Federal Government of $2 (2000 balance includes a receivable from the Provincial Board of $2,951, the Department of Children's Services of $450, the Department of Human Resources and Employment of $2).

Accounts receivable are unsecured and non-interest bearing.

Persons with Developmental Disabilities
Central Alberta Community Board
Notes to the Financial Statements
For the year ended March 31, 2001
(in thousands)

Note 4 Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, advances, and accounts payable and accrued liabilities are estimated to approximate their book values.

Note 5 Voluntary Contributions

These financial statements do not include amounts relating to voluntary contributions received for materials and services.

Note 6 Commitments

As at March 31, 2001, the Board has the following commitments:

		2001
Service contracts (a)	$	2,655
Long-term leases (b)		34
	$	2,689

[a] The actual amounts are dependent on the usage of service.

[b] The Board leases certain equipment under operating leases that expire on various dates. The aggregate amounts payable for the unexpired terms of these leases are as follows:

2002	$	19
2003		12
2004		3
	$	34

Persons with Developmental Disabilities
Central Alberta Community Board
Notes to the Financial Statements
For the year ended March 31, 2001
(in thousands)

Note 7 Surplus Retention Reserves

The Board has entered into contracts with third party agencies to provide support for individuals which it serves. Occasionally, the agencies do not spend all the funds they have been provided. When these unexpended amounts result from the efficient management of the program or fluctuations in service demand, the funds may be retained by the agency and, after obtaining approval from the CEO of the Board, spent in the following manner:

- to eliminate deficits,
- to acquire assets,
- to fund exceptional maintenance costs,
- for expenditures of a one-time nature that will not result in incremental or continuing operating costs.

Due to the unavailability of agency financial information, it is not possible to ascertain surplus retention reserves on hand at fiscal year end. The estimated balance of these reserves at March 31, 2001 was $381 (March 31, 2000 - $327). This amount is not reflected in these financial statements.

Note 8 Comparative Figures

Certain 2000 figures have been reclassified to conform to the 2001 presentation.

Note 9 Approval of Financial Statements

The financial statements were prepared by management and approved by the Chief Executive Officer and the Board.

Persons with Developmental Disabilities
Central Alberta Community Board
Expense Detailed by Object **Schedule 1**
For the year ended March 31, 2001
(in thousands)

	2001		2000
	Budget	Actual	Actual
Manpower Costs (a)	$ 1,682	$ 1,624	$ 1,445
Supplies and Services	28,460	33,033	26,042
Grants	15,627	14,408	13,968
Total Expenses	$ 45,769	$ 49,065	$ 41,455

(a) Manpower costs relate to employees assigned to the Board from the Department of Health and Wellness and are not employees of the Board.

Persons with Developmental Disabilities Central Alberta Community Board Budget For the year ended March 31, 2001 (in thousands)

Schedule 2

	2000/2001 Original Budget	Increases From Provincial Board	Community Board Reallocation	20002001 Current Allocation
Revenue				
Grant from Persons with Developmental Disabilities Provincial Board	$ 45,769	$ 4,582	$ -	$ 50,351
Expenses				
Community Living Supports	29,589	3,082	-	32,671
Employment Supports	2,368	247	-	2,615
Community Access Supports	7,102	740	-	7,842
Specialized Community Supports	394	41	-	435
Supports to Delivery System	6,211	472	-	6,683
Board Governance	105	-	-	105
	45,769	4,582	-	50,351
Net Operating Results	$ -	$ -	$ -	$ -

The 2000/2001 Original Budget was reported as part of the Government Estimates that were tabled in the Legislative Assembly of Alberta on February 4, 2000. As a result of changes in operational requirements that emerged during the fiscal year, the Provincial Board provided direction regarding changes in the level of funding to be allocated to the Central Alberta Community Board. The final result of this direction is presented above as the 2000/2001 Current Allocation, and was approved by the Provincial Board on February 8, 2001.

Persons with Developmental Disabilities
Central Alberta Community Board
Disclosure of Payments to Executives
For the year ended March 31, 2001
(in thousands)

Schedule 3

	2001			2000
	Payments	Contributions	Total	Total [e]
Chair of the Board [a],[c]	$ 24	$ -	$ 24	$ 16
Board Members (8 members) [a],[d]	$ 59	$ -	$ 59	$ 50
Chief Executive Officer [b]	$ 87	$ 14	$ 101	$ 97

[a] These amounts represent honoraria payments made to the Chair and Members of the Board.

[b] These payments are made to the Chief Executive Officer under contract with the Department of Health and Wellness. The Chief Executive Officer is assigned to the Board under an arrangement with the Department of Health and Wellness.

Contributions include payments for pension, health care, dental and medical coverage, group life insurance, long and short term disability plans.

[c] This position was occupied by two individuals during the year. The previous incumbent's term was completed on January 15, 2001.

[d] These positions were occupied by 11 individuals at various intervals during the year.

[e] 2000 expense totals have been restated to reflect the achievement bonus paid to the Chief Executive Officer (see Note 8).

Persons with Developmental Disabilities
Central Alberta Community Board
Allocated Costs
For the year ended March 31, 2001
(in thousands)

Schedule 4

	2001				**2000**
		Expenses - Incurred by Others			
	Expenses (1)	Accommodation Costs (2)	Support Service Arrangements (3)	Total Expenses	Total Expenses
Community Living Supports	$ 32,357	$ -	$ -	$ 32,357	$ 28,381
Employment Supports	2,702	-	-	2,702	1,218
Community Access Supports	7,135	-	-	7,135	7,002
Specialized Community Supports	117	-	-	117	137
Supports to Delivery System	6,635	133	1,019	7,787	5,732
Board Governance	119	-	-	119	95
	$ 49,065	$ 133	$ 1,019	$ 50,217	$ 42,565

(1) Expenses - Directly Incurred as per Statement of Operations.

(2) Costs shown for Accommodation (includes grants in lieu of taxes) on Schedule 5.

(3) Costs shown for Support Service Arrangements on Schedule 5.

Persons with Development Disabilities
Central Alberta Community Board
Schedule of Related Party Transactions
For the year ended March 31, 2001
(in thousands)

Schedule 5

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Board.

The Board and the employees assigned to it from the Department of Health and Wellness paid or collected certain taxes and fees set by regulation for permits, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Board had the following transactions with related parties recorded at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities	
	2001	2000	2001	2000
Revenues:				
Persons with Developmental Disabilities Provincial Board	$ 50,351	$ 41,972	$ -	$ -
Expenses:				
Persons with Developmental Disabilities Provincial Board	$ 141	$ -	$ -	$ -
Department of Infrastructure	-	-	7	4
	$ 141	$ -	$ 7	$ 4
Accounts Receivable:				
Persons with Developmental Disabilities Provincial Board	$ -	$ 2,951	$ -	$ -
Department of Children's Services	-	-	-	450
Department of Human Resources and Employment	-	-	-	2
	$ -	$ 2,951	$ -	$ 452
Accounts Payable and Accrued Liabilities:				
Persons with Developmental Disabilities Provincial Board	$ -	$ 437	$ -	$ -

The Board also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements and are disclosed in Schedule 4.

	Entities in the Ministry		Other Entities	
	2001	2000	2001	2000
Expenses - Incurred by Others				
Department of Health and Wellness	$ 1,019	$ 987	$ -	$ -
Department of Infrastructure	-	-	133	123
	$ 1,019	$ 987	$ 133	$ 123

Persons with Developmental Disabilities Calgary Region Community Board

Financial Statements

March 31, 2001

PERSONS WITH DEVELOPMENTAL DISABILITIES

CALGARY REGION COMMUNITY BOARD

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AUDITOR
GENERAL
Alberta

AUDITOR'S REPORT

To the Members of the Board of Directors of the Persons with Developmental Disabilities Calgary Region Community Board and the Minister of Community Development

I have audited the statement of financial position of the Persons with Developmental Disabilities Calgary Region Community Board as at March 31, 2001 and the statements of operations and changes in financial position for the year then ended. These financial statements are the responsibility of the management of the Board. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Statement of Operations does not include revenues and expenses in the amount of $500,000 related to certain services provided by the Board to children. The authority for these transactions is discussed in the final paragraph of this report.

Obligations for vacation pay for employees assigned to the Board by the Department of Health and Wellness have not been recorded as a liability in the accompanying statement of financial position and the related expense for the annual change in the liability has not been recognized in the statement of operations. The effect of this omission is to understate liabilities and expenses by $951,000 and $66,000 respectively.

In my opinion, except for the effect of the matters discussed in the preceding paragraphs, these financial statements present fairly, in all material respects, the financial position of the Persons with Developmental Disabilities Calgary Region Community Board as at March 31, 2001 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

The following transactions are not in compliance with the *Persons with Developmental Disabilities Community Governance Act*:

- During the year, the Board made payments of approximately $1,100,000 for the provision of services to children and recovered $500,000 of these costs. Delivery of services to children is contrary to the Act which specifically provides that only adults are to receive benefits from the Board.

- During the year, the Board made payments for the provision of services to individuals whose disabilities did not meet the definition of a developmental disability as defined in the Act. Management estimates that these expenditures would not exceed $1,040,000.

Peter Valentine FCA
Auditor General

Edmonton, Alberta
May 23, 2001

Persons with Developmental Disabilities
Calgary Region Community Board
Statement of Operations
For the year ended March 31, 2001
(in thousands)

	2001		2000
	Budget (Schedule 2)	Actual	Actual (As restated - Note 3)
Revenue			
Grant From Persons With Developmental Disabilities Provincial Board	$ 74,008	$ 78,825	$ 67,653
Expenses (Schedule 1 and 4)			
Community Living Supports	39,811	42,549	36,691
Employment Supports	9,925	9,725	9,028
Community Access Supports	13,626	13,248	12,436
Specialized Community Supports	1,819	1,384	1,511
Supports to Delivery System	8,745	12,043	7,908
Board Governance	82	118	79
	74,008	79,067	67,653
Net Operating Results Before Transfer	-	(242)	-
Transfer From/(To) Persons With Developmental Disabilities Provincial Board	-	-	962
Net Operating Results	$ -	$ (242)	$ 962

The accompanying notes and schedules are part of these financial statements.

Persons with Developmental Disabilities
Calgary Region Community Board
Statement of Financial Position
As at March 31, 2001
(in thousands)

	2001	2000 (As restated - Note 3)
Assets		
Cash	$ 2,217	$ -
Accounts Receivable (Note 4)	1	6,316
	$ 2,218	$ 6,316
Liabilities		
Bank Overdraft	$ -	$ 2,342
Accounts Payable and Accrued Liabilities	2,460	3,974
	2,460	6,316
Net Assets (Liabilities)		
Net Assets (Liabilities), Beginning of Year	-	(962)
Net Operating Results	(242)	962
Net Assets (Liabilities), End of Year	(242)	-
	$ 2,218	$ 6,316

The accompanying notes and schedules are part of these financial statements.

Persons with Developmental Disabilities
Calgary Region Community Board
Statement of Changes in Financial Position
For the year ended March 31, 2001
(in thousands)

	2001	2000 (As restated - Note 3)
Operating Transactions		
Net Operating Results	$ (242)	$ 962
Decrease (Increase) in Accounts Receivable	6,315	(5,230)
(Decrease) Increase in Accounts Payable and Accrued Liabilities	(1,514)	1,926
Cash Provided (Used) by Operating Transactions	4,559	(2,342)
Bank Overdraft, Beginning of Year	(2,342)	-
Cash/(Bank Overdraft), End of Year	$ 2,217	$ (2,342)

The accompanying notes and schedules are part of these financial statements.

Persons with Developmental Disabilities
Calgary Region Community Board
Notes to the Financial Statements
For the Year ended March 31, 2001
(in thousands)

Note 1 Authority and Purpose

The Persons with Developmental Disabilities Calgary Region Community Board (the Board) is a corporation established on October 30, 1997 by way of a Ministerial Order. The Board operates under the authority of the *Persons with Developmental Disabilities Community Governance Act* and the *Government Organization Act.*

Through advocacy and service, the Board helps adults with developmental disabilities to live, as independently as possible, within the community.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with the following accounting policies established by government. The Canadian Institute of Chartered Accountants is the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature, and published financial statements relating to either the public sector or analogous situations in the private sector are used to supplement the recommendations of the Public Sector Accounting Board where it is considered appropriate.

(a) Reporting Entity

The reporting entity is the Board, which is part of the Ministry of Health and Wellness and for which the Minister of Health and Wellness is accountable. The financial statements of the Ministry provide a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

On March 15, 2001 the government announced new ministry structures. As a result, effective March 19, 2001 the Board was transferred to the Ministry of Community Development.

Since the 2000/2001 fiscal year was substantially completed prior to this announcement, these notes to financial statements have been prepared as if the restructuring took place on April 1, 2001 to provide proper accountability for the 2000/2001 fiscal year against the original business plan. While it has not affected any figures presented, references to the Ministry of Health and Wellness would be changed to the Ministry of Community Development if the restructuring had been represented within these statements.

Persons with Developmental Disabilities
Calgary Region Community Board
Notes to the Financial Statements
For the Year ended March 31, 2001
(in thousands)

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(a) Reporting Entity (continued)

The Board is economically dependent upon the Provincial Board for its funding. This funding is allocated in a manner approved by the Minister.

(b) Basis of Financial Reporting

Expenses

Directly Incurred

Directly incurred expenses are those costs the Board has primary responsibility and accountability for, as reflected in the government's budget documents. Directly incurred expenses are included in the Statement of Operations.

Incurred by Others

Services contributed by other entities in support of the Board operations are disclosed in Schedule 4.

Employees are assigned to the Board through an arrangement with the Department of Health and Wellness. Certain costs associated with these employees are not reflected in the financial statements such as vacation liability. Balances outstanding with respect to the provision for vacation pay as at March 31, 2001 were $951 (March 31, 2000 - $886). Total increase/(decrease) in this provision during the 2001 fiscal year was $65 (2000 fiscal year - $(92)).

Fees relating to the audit of the March 31, 2001 financial statements have not been included in the Statement of Operations. Costs for this service have been estimated at $29 (2000 - $28).

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting (continued)

Assets

Financial assets of the Board include cash and financial claims, such as receivables from other organizations.

The threshold for capitalizing new systems development is $100 and the threshold for all other capital assets is $15. All land is capitalized.

Liabilities

Liabilities represent all financial claims payable by the Board at fiscal year end.

Net Assets (Liabilities)

Net assets (liabilities) represents the difference between the value of assets held by the Board and its liabilities.

Note 3 Change in Accounting for Bonuses

In prior years, bonuses paid to management, opted-out and bargaining unit employees were recorded as an expense in the financial statements of the Department of Health and Wellness. In the current year, the responsibility for these costs was changed retroactively to the Board. The effect of such a change in responsibility was to increase fiscal year 2000 revenue, expense, accounts receivable, and accounts payable and accrued liabilities by $136 (1999 - $190).

This change has been applied retroactively.

Persons with Developmental Disabilities
Calgary Region Community Board
Notes to the Financial Statements
For the Year ended March 31, 2001
(in thousands)

Note 4 Accounts Receivable

	2001		2000
	Gross Amount	Net Realizable Value	Net Realizable Value
Accounts Receivable	$1	$1	$6,316

(2000 balance includes a receivable from the Provincial Board of $4,549, the Department of Children's Services of $1,766 and the Department of Human Resources and Employment of $1).

Accounts receivable are unsecured and non-interest bearing.

Note 5 Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, and accounts payable and accrued liabilities are estimated to approximate their book values.

Note 6 Voluntary Contributions

These financial statements do not include amounts relating to voluntary contributions received for materials and services.

Persons with Developmental Disabilities
Calgary Region Community Board
Notes to the Financial Statements
For the Year ended March 31, 2001
(in thousands)

Note 7 Commitments

As at March 31, 2001, the Board has the following commitments:

	2001
Long-term leases	$108
	$108

The Board leases certain equipment under operating leases that expire on various dates. The aggregate amounts payable for the unexpired terms of these leases are as follows:

2002	$43
2003	37
2004	28
	$108

Note 8 Trust Funds Under Administration

The Board administers trust funds held on behalf of others. The Board has no equity in the funds and therefore, they are not included in the Board's financial statements.

As at March 31, 2001 trust funds under administration were as follows:

	2001	2000
Client Trust Funds	$85	$68
	$85	$68

Persons with Developmental Disabilities
Calgary Region Community Board
Notes to the Financial Statements
For the Year ended March 31, 2001
(in thousands)

Note 9 Surplus Retention Reserves

The Board has entered into contracts with third party agencies to provide support for individuals which it serves. Occasionally, the agencies do not spend all the funds they have been provided. When these unexpended amounts result from the efficient management of the program or fluctuations in service demand, the funds may be retained by the agency and, after obtaining approval from the CEO of the Board, spent in the following manner:

- to eliminate deficits,
- to acquire assets,
- to fund exceptional maintenance costs,
- for expenditures of a one-time nature that will not result in incremental or continuing operating costs.

The estimated balance of Surplus Agency Retention reserves at March 31, 2001 was $23 (March 31, 2000 - $65). This amount is not reflected in these financial statements.

Note 10 Comparative Figures

Certain 2000 figures have been reclassified to conform to the 2001 presentation.

Note 11 Approval of Financial Statements

The financial statements were prepared by management and approved by the Board.

Persons with Developmental Disabilities
Calgary Region Community Board
Expense Detailed by Object
For the year ended March 31, 2001
(in thousands)

Schedule 1

	2001		2000
	Budget	Actual	Actual (As restated - Note 3)
Manpower Costs (a)	$ 7,990	$ 7,814	$ 7,610
Supplies and Services	29,938	32,338	28,547
Grants	36,080	38,915	31,496
Total Expenses	$ 74,008	$ 79,067	$ 67,653

[a] Manpower costs relate to employees assigned to the Board from the Department of Health and Wellness and are not employees of the Board.

Persons with Developmental Disabilities Calgary Region Community Board Budget

Schedule 2

For the year ended March 31, 2001
(in thousands)

	2000/2001 Original Budget	Increases From Provincial Board	2000/2001 Current Allocation
Revenue			
Grant from Persons with Developmental Disabilities Provincial Board	$ 74,008	$ 4,817	$ 78,825
Expenses			
Community Living Supports	39,811	1,183	40,994
Employment Supports	9,925	1,445	11,370
Community Access Supports	13,626	(752)	12,874
Specialized Community Supports	1,819	260	2,079
Supports to Delivery System	8,745	2,663	11,408
Board Governance	82	18	100
	74,008	4,817	78,825
Net Operating Results	$ -	$ -	$ -

The 2000/2001 Original Budget was reported as part of the Government Estimates that were tabled in the Legislative Assembly of Alberta on February 4, 2000. As a result of changes in operational requirements that emerged during the fiscal year, the Provincial Board provided direction regarding changes in the level of funding to be allocated to the Calgary Region Community Board. The final result of this direction is presented above as the 2000/2001 Current Allocation, and was approved by the Provincial Board on February 8, 2001.

An interim budget was approved by the Calgary Region Community Board on June 15, 2000.

Persons with Developmental Disabilities Calgary Region Community Board

Schedule 3

Disclosure of Compensation Paid to Executives

For the year ended March 31, 2001

(in thousands)

	2001			2000
	Payments	Contributions	Total	Total[d]
Chair of the Board[a],[c]	$ 14	$ -	$ 14	$ 9
Board Members (8 members)[a],[c]	$ 89	$ -	$ 89	$ 63
Chief Executive Officer[b]	$ 79	$ 25	$ 104	$ 92

[a] These amounts represent honoraria payments made to the Chair and Members of the Board.

[b] These payments are made to the Chief Executive Officer under contract with the Department of Health and Wellness. The Chief Executive Officer is assigned to the Board under an arrangement with the Department of Health and Wellness.

Contributions include payments for pension, health care, dental and medical coverage, group life insurance, long and short term disability plans.

[c] These positions were occupied by 12 individuals at various intervals during the year.

[d] 2000 expense totals have been restated to reflect achievement bonus paid to the Chief Executive Officer (see Note 3).

[e] There were 2 chairpersons in PDD Calgary during the 2000 year.

Persons with Developmental Disabilities
Calgary Region Community Board
Allocated Costs
For the year ended March 31, 2001
(in thousands)

Schedule 4

	2001				2000
		Expenses - Incurred by Others			
	Expenses (1)	Accommodation Costs (2)	Support Service Arrangements (3)	Total Expenses	Total Expenses
Community Living Supports	$ 42,549	$ 1,042	$ -	$ 43,591	$ 37,636
Employment Supports	9,725	-	-	9,725	9,028
Community Access Supports	13,248	-	-	13,248	12,436
Specialized Community Supports	1,384	-	-	1,384	1,511
Supports to Delivery System	12,043	173	1,595	13,811	9,649
Board Governance	118	-	-	118	79
	$ 79,067	$ 1,215	$ 1,595	$ 81,877	$ 70,339

(1) Expenses - Directly Incurred as per Statement of Operations.

(2) Costs shown for Accommodation (includes grants in lieu of taxes) on Schedule 5.

(3) Costs shown for Support Service Arrangements on Schedule 5.

Persons with Development Disabilities
Calgary Region Community Board
Schedule of Related Party Transactions

Schedule 5

For the year ended March 31, 2001
(in thousands)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties include management and the Board.

The Board and the employees assigned to it from the Department of Health and Wellness paid or collected certain taxes and fees set by regulation for permits, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Board had the following transactions with related parties recorded at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities	
	2001	2000	2001	2000
Revenues:				
Persons with Developmental Disabilities Provincial Board	$ 78,825	$ 68,615	$ -	$ -
Expenses:				
Department of Infrastructure	$ -	$ -	$ 1	$ -
Accounts Receivable:				
Persons with Developmental Disabilities Provincial Board	$ -	$ 4,549	$ -	$ -
Department of Children's Services	-	-	-	1,766
Department of Human Resources and Employment	-	-	-	1
	$ -	$ 4,549	$ -	$ 1,767
Accounts Payable and Accrued Liabilities:				
Persons with Developmental Disabilities Provincial Board	$ -	$ 1,766	$ -	$ -
CFSA #4 - Calgary Rocky View Regional Authority	-	-	-	117
	$ -	$ 1,766	$ -	$ 117

The Board also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements and are disclosed in Schedule 4.

	Entities in the Ministry		Other Entities	
	2001	2000	2001	2000
Expenses - Incurred by Others				
Department of Health and Wellness	$ 1,595	$ 1,596	$ -	$ -
Department of Infrastructure	-	-	1,215	1,090
	$ 1,595	$ 1,596	$ 1,215	$ 1,090

Persons with Developmental Disabilities South Alberta Board

Financial Statements

March 31, 2001

PERSONS WITH DEVELOPMENTAL DISABILITIES

SOUTH ALBERTA BOARD

FINANCIAL STATEMENTS

MARCH 31, 2001

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AUDITOR
GENERAL
Alberta

AUDITOR'S REPORT

To the Members of the Board of Directors of the Persons with Developmental Disabilities South Alberta Board and the Minister of Community Development

I have audited the statement of financial position of the Persons with Developmental Disabilities South Alberta Board as at March 31, 2001 and the statements of operations and changes in financial position for the year then ended. These financial statements are the responsibility of the management of the Board. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Persons with Developmental Disabilities South Alberta Board as at March 31, 2001 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

During the year, the Board made payments for the provision of services to individuals whose disability did not meet the definition of a developmental disability as defined in the *Persons with Developmental Disabilities Community Governance Act*. Accordingly, the expenses related to the care of these individuals do not comply with the Act. Management estimated that the total cost of these services did not exceed $534,000.

Peter Valentine FCA
Auditor General

Edmonton, Alberta
May 23, 2001

Persons with Developmental Disabilities
South Alberta Board
Statement of Operations
For the year ended March 31, 2001
(in thousands)

	2001		2000
	Budget	Actual	Actual
	(Schedule 2)		(As restated - Note 3)
Revenue			
Grant From Persons With Developmental Disabilities Provincial Board	$ 32,833	$ 36,279	$ 30,864
	32,833	36,279	30,864
Expenses (Schedule 1 and 4)			
Community Living Supports	19,886	20,828	18,901
Employment Supports	1,894	2,331	1,809
Community Access Supports	5,367	7,302	5,089
Specialized Community Supports	316	250	259
Supports to Delivery System	5,265	5,689	4,717
Board Governance	105	87	89
	32,833	36,487	30,864
Net Operating Results Before Transfer	-	(208)	-
Transfer From/(To) Persons With Developmental Disabilities Provincial Board	-	-	(690)
Net Operating Results	$ -	$ (208)	$ (690)

The accompanying notes and schedules are part of these financial statements.

Persons with Developmental Disabilities
South Alberta Board
Statement of Financial Position
As at March 31, 2001
(in thousands)

	2001	2000 (As restated - Note 3)
Assets		
Cash	$ 803	$ -
Accounts Receivable (Note 4)	40	1,524
	$ 843	$ 1,524
Liabilities		
Bank Overdraft	$ -	$ 513
Accounts Payable and Accrued Liabilities	1,051	1,011
	1,051	1,524
Net Assets (Liabilities)		
Net Assets (Liabilities), Beginning of Year	-	690
Net Operating Results	(208)	(690)
Net Assets (Liabilities), End of Year	(208)	-
	$ 843	$ 1,524

The accompanying notes and schedules are part of these financial statements.

Persons with Developmental Disabilities
South Alberta Board
Statement of Changes in Financial Position
For the year ended March 31, 2001
(in thousands)

	2001	2000 (As restated - Note 3)
Operating Transactions		
Net Operating Results	$ (208)	$ (690)
Decrease in Accounts Receivable	1,484	227
Increase/(Decrease) in Accounts Payable and Accrued Liabilities	40	(50)
Cash Provided (Used) by Operating Transactions	1,316	(513)
Cash/(Bank Overdraft), Beginning of Year	(513)	-
Cash/(Bank Overdraft), End of Year	$ 803	$ (513)

The accompanying notes and schedules are part of these financial statements.

Persons with Developmental Disabilities
South Alberta Board
Notes to the Financial Statements
For the year ended March 31, 2001
(in thousands)

Note 1 Authority and Purpose

The Persons with Developmental Disabilities South Alberta Board (the Board) is a corporation established on October 30, 1997 by way of a Ministerial Order. The Board operates under the authority of the *Persons with Developmental Disabilities Community Governance Act* and the *Government Organization Act.*

The purpose of the Board is to promote supports to persons with developmental disabilities.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with the following accounting policies established by government. The Canadian Institute of Chartered Accountants is the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature, and published financial statements relating to either the public sector or analogous situations in the private sector are used to supplement the recommendations of the Public Sector Accounting Board where it is considered appropriate.

(a) Reporting Entity

The reporting entity is the Board, which is part of the Ministry of Health and Wellness and for which the Minister of Health and Wellness is accountable. The financial statements of the Ministry provide a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

On March 15, 2001 the government announced new ministry structures. As a result, effective March 19, 2001 the Board was transferred to the Ministry of Community Development.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(a) Reporting Entity (continued)

Since the 2000/2001 fiscal year was substantially completed prior to this announcement, these notes to financial statements have been prepared as if the restructuring took place on April 1, 2001 to provide proper accountability for the 2000/2001 fiscal year against the original business plan. While it has not affected any figures presented, references to the Ministry of Health and Wellness would be changed to the Ministry of Community Development if the restructuring had been represented within these statements.

The Board is economically dependent upon the Provincial Board for its funding. This funding is allocated in a manner approved by the Minister.

(b) Basis of Financial Reporting

Expenses

Directly Incurred
Directly incurred expenses are those costs the Board has primary responsibility and accountability for, as reflected in the government's budget documents. Directly incurred expenses are included in the Statement of Operations.

Incurred by Others

Services contributed by other entities in support of the Board operations are disclosed in Schedule 4.

Employees are assigned to the Board through an arrangement with the Department of Health and Wellness. Certain costs associated with these employees are not reflected in the financial statements such as vacation liability. Balances outstanding with respect to the provision for vacation pay as at March 31, 2001 was $120 (March 31, 2000 - $105). Total increase in this provision during the 2001 fiscal year was $15 (2000 fiscal year - $7).

Fees related to the audit of the March 31, 2001 financial statements have not been included in the Statement of Operations. Costs for this service have been estimated at $22 (2000 - $18).

Persons with Developmental Disabilities
South Alberta Board
Notes to the Financial Statements
For the year ended March 31, 2001
(in thousands)

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting (continued)

Assets

Financial assets of the Board include cash and financial claims, such as receivables from other organizations or other advances.

The threshold for capitalizing new systems development is $100 and the threshold for all other capital assets is $15. All land is capitalized.

Liabilities

Liabilities represent all financial claims payable by the Board at fiscal year end.

Net Assets (Liabilities)

Net assets (liabilities) represents the difference between the value of assets held by the Board and its liabilities.

Note 3 Change in Accounting for Bonuses

In prior years, bonuses paid to management, opted-out and bargaining unit employees were recorded as an expense in the financial statements of the Department of Health and Wellness. In the current year, the responsibility for these costs was changed retroactively to the Board. The effects of such a change in responsibility was to increase the fiscal year 2000 revenue, expense, accounts receivable, and accounts payable and accrued liabilities by $19 (1999 - $19).

Persons with Developmental Disabilities
South Alberta Board
Notes to the Financial Statements
For the year ended March 31, 2001
(in thousands)

Note 4 Accounts Receivable

	2001			2000
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Accounts Receivable	$ 40		$ 40	$ 1,524

The current balance includes a receivable from Southeast Alberta Child and Family Services of $26 and other miscellaneous receivables. (2000 balance includes receivables from the Provincial Board of $1,384, the Department of Children's Services of $139, and the Department of Human Resources of $1). Accounts receivable are unsecured and non-interest bearing.

Note 5 Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, advances, and accounts payable and accrued liabilities are estimated to approximate their book values.

Note 6 Voluntary Contributions

These financial statements do not include amounts relating to voluntary contributions received for materials and services.

Persons with Developmental Disabilities
South Alberta Board
Notes to the Financial Statements
For the year ended March 31, 2001
(in thousands)

Note 7 Commitments

As at March 31, 2001, the Board has the following commitments:

	2001
Service contracts (a)	$ 3,344
Long-term leases (b)	9
	$ 3,353

[a] The actual amounts are dependent on the usage of service.

[b] The Board leases certain equipment (vehicles) under operating leases that expire on various dates. The aggregate amounts payable for the unexpired terms of these leases are as follows:

2002	$ 8
2003	1
	$ 9

Note 8 Surplus Retention Reserves

The Board has entered into contracts with third party agencies to provide support for individuals it serves. Occasionally, the agencies do not spend all the funds they have been provided. When these unexpended amounts result from the efficient management of the program or fluctuations in service demand, the funds may be retained by the agency and, after obtaining approval from the CEO of the Board, spent in the following manner:

- to eliminate deficits,
- to acquire assets,
- to fund exceptional maintenance costs,
- for expenditures of a one-time nature that will not result in incremental or continuing operating costs.

Persons with Developmental Disabilities
South Alberta Board
Notes to the Financial Statements
For the year ended March 31, 2001
(in thousands)

Note 8 Surplus Retention Reserves (continued)

Due to the unavailability of agency financial information, it is not possible to ascertain surplus retention reserves on hand at fiscal year end. The estimated balance of these reserves at March 31, 2001 was $302 (March 31, 2000 - $304). This amount is not reflected in these financial statements.

Note 9 Comparative Figures

Certain 2000 figures have been reclassified to conform to the 2001 presentation.

Note 10 Approval of Financial Statements

The financial statements were prepared by management and approved by the Board.

Persons with Developmental Disabilities
South Alberta Board
Expense Detailed by Object **Schedule 1**
For the year ended March 31, 2001
(in thousands)

	2001		2000
	Budget	Actual	Actual (As restated - Note 3)
Manpower Costs (a)	$ 931	$ 883	$ 826
Supplies and Services	14,541	23,303	18,785
Grants	17,361	12,301	11,253
Total Expenses	$ 32,833	$ 36,487	$ 30,864

[a] Manpower costs relate to employees assigned to the Board from the Department of Health and Wellness and are not employees of the Board.

Persons with Developmental Disabilities
South Alberta Board
Budget **Schedule 2**
For the year ended March 31, 2001
(in thousands)

	2000/2001 Original Budget	Increases From Provincial Board	2000/2001 Current Allocation
Revenue			
Grant from Persons with Developmental Disabilities Provincial Board	$ 32,833	$ 3,446	$ 36,279
Expenses			
Community Living Supports	19,886	2,088	21,974
Employment Supports	1,894	222	2,116
Community Access Supports	5,367	655	6,022
Specialized Community Supports	316	29	345
Supports to Delivery System	5,265	452	5,717
Board Governance	105	-	105
	32,833	3,446	36,279
Net Operating Results	$ -	$ -	$ -

The 2000/2001 Original Budget was reported as part of the Government Estimates that were tabled in the Legislative Assembly of Alberta on February 4, 2000. As a result of changes in operational requirements that emerged during the fiscal year, the Provincial Board provided direction regarding changes in the level of funding to be allocated to the South Alberta Board. The final result of this direction is presented above as the 2000/2001 Current Allocation, and was approved by the Provincial Board on February 8, 2001.

An interim budget was approved by the South Alberta Board on July 12, 2000.

Persons with Developmental Disabilities South Alberta Board

Schedule 3

Disclosure of Compensation Paid to Executives

For the year ended March 31, 2001

(in thousands)

	2001			2000
	Payments	Contributions	Total	Total [e]
Chair of the Board [a],[c]	$ 11	$ -	$ 11	$ 11
Board Members (7 members) [a],[d]	$ 39	$ -	$ 39	$ 43
Chief Executive Officer [b]	$ 83	$ 4	$ 87	$ 84

[a] These amounts represent honoraria payments made to the Chair and Members of the Board.

[b] These payments are made to the Chief Executive Officer under contract with the Department of Health and Wellness. The Chief Executive Officer is assigned to the Board under an arrangement with the Department of Health and Wellness.

Contributions include payments for health care, dental and medical coverage, group life insurance, and short term disability plan.

[c] This position was occupied by two individuals during the year. The previous incumbent's term was completed on January 15, 2001.

[d] These positions were occupied by 11 individuals at various intervals during the year.

[e] 2000 expense totals have been restated to reflect an achievement bonus paid to the Chief Executive Officer (see Note 3).

Persons with Developmental Disabilities
South Alberta Board
Allocated Costs
For the year ended March 31, 2001
(in thousands)

Schedule 4

	2001				2000
		Expenses - Incurred by Others			
	Expenses (1)	Accommodation Costs (2)	Support Service Arrangements (3)	Total Expenses	Total Expenses
Community Living Supports	$ 20,828	$ 65	$ -	$ 20,893	$ 18,956
Employment Supports	2,331	-	-	2,331	1,809
Community Access Supports	7,302	-	-	7,302	5,089
Specialized Community Supports	250	-	-	250	259
Supports to Delivery System	5,689	88	734	6,511	5,571
Board Governance	87	-	-	87	89
	$ 36,487	$ 153	$ 734	$ 37,374	$ 31,773

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(1) Expenses - Directly Incurred as per Statement of Operations.

(2) Costs shown for Accommodation (includes grants in lieu of taxes) on Schedule 5.

(3) Costs shown for Support Service Arrangements on Schedule 5.

Persons with Development Disabilities
South Alberta Board
Schedule of Related Party Transactions
For the year ended March 31, 2001
(in thousands)

Schedule 5

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management and the Board.

The Board and the employees assigned to it from the Department of Health and Wellness paid or collected certain taxes and fees set by regulation for permits, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Board had the following transactions with related parties recorded at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities	
	2001	2000	2001	2000
Revenues:				
Persons with Developmental Disabilities Provincial Board	$ 36,279	$ 30,864	$ -	$ -
Expenses:				
Persons with Developmental Disabilities Provincial Board	$ 3	$ 690	$ -	$ -
Accounts Receivable:				
Persons with Developmental Disabilities Provincial Board	$ -	$ 1,384	$ -	$ -
Department of Children's Services	-	-	-	139
Department of Human Resources and Employment	-	-	-	1
CFSA #2 - Southeast			26	
	$ -	$ 1,384	$ 26	$ 140
Accounts Payable and Accrued Liabilities:				
Persons with Developmental Disabilities Provincial Board	$ -	$ 139	$ -	$ -
CFSA #1 - Sun Country	-	-	-	26
	$ -	$ 139	$ -	$ 26

The Board also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements and are disclosed in Schedule 4.

	Entities in the Ministry		Other Entities	
	2001	2000	2001	2000
Expenses - Incurred by Others				
Department of Health and Wellness	$ 734	$ 756	$ -	$ -
Department of Infrastructure	-	-	153	153
	$ 734	$ 756	$ 153	$ 153

Michener Centre Facility Board

Financial Statements

March 31, 2001

MICHENER CENTRE FACILITY BOARD

FINANCIAL STATEMENTS

MARCH 31, 2001

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AUDITOR
GENERAL
Alberta

AUDITOR'S REPORT

To the Members of the Board of Directors of the Michener Centre Facility Board and the Minister of Community Development

I have audited the statement of financial position of the Michener Centre Facility Board as at March 31, 2001 and the statement of operations, and statement of changes in financial position for the year then ended. These financial statements are the responsibility of the Facility Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The accrued cost of vacation pay obligations, as disclosed in Note 2, for employees assigned to the Board has not been recorded in the accompanying statement of financial position and the related expense for the annual change in the liability has not been recognized in the statement of operations. The result of this departure from Canadian generally accepted accounting principles is to understate liabilities by $3,639,000 and to understate expenses by $217,000.

Note 9 to the financial statements discloses $1,176,000 described as restricted funds and reported in previous years as trust funds. In my view, these are public funds held for the Crown that have been used for program purposes and administered by the Board. Excluding these funds from the Board's financial statements, including relevant revenue and expenses of $623,000 and $486,000 respectively, is a departure from Canadian generally accepted accounting principles.

Fee revenues of $794,000, as disclosed in Note 10, relating to services provided by the Board to residents of the Michener Centre have not been recorded in the statement of operations. The result of this departure from Canadian generally accepted accounting principles is to understate revenues by as much as $794,000.

In my opinion, except for the effects of the matters discussed in the preceding paragraphs, these financial statements present fairly, in all material respects, the financial position of the Michener Facility Board as at March 31, 2001 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

During the year the Facility Board made payments for the provision of services to individuals whose disability did not meet the definition of a developmental disability as defined in the *Persons with Developmental Disabilities Community Governance Act*. Accordingly, expenses related to the care of these individuals do not comply with the Act. Management estimated that the total cost of these services was $201,000.

Peter Valentine FCA
Auditor General

Edmonton, Alberta
June 21, 2001

Michener Centre Facility Board
Statement of Operations
For the year ended March 31, 2001
(in thousands)

	2001		2000
	Budget	Actual	Actual
	(Schedule 2)		(As restated - Note 3)
Revenue			
Grant From Persons With Developmental Disabilities Provincial Board	$ 42,254	$ 43,689	$ 43,081
Expenses (Schedules 1 and 4)			
Community Living Supports	20,483	21,527	21,161
Community Access Supports	2,670	2,821	2,779
Specialized Community Supports	1,289	1,658	1,690
Direct Operations	13,470	14,142	13,713
Supports to Delivery System	3,840	3,329	3,295
Board Governance	142	128	94
	41,894	43,605	42,732
Net Operating Results	$ 360	$ 84	$ 349

The accompanying notes and schedules are part of these financial statements.

Michener Centre Facility Board
Statement of Financial Position
As at March 31, 2001
(in thousands)

	2001	2000 (As restated - Note 3)
Assets		
Cash	$ 670	$ -
Accounts Receivable (Note 4)	2	5,765
Inventory	338	565
Capital Assets (Note 7)	314	317
	$ 1,324	$ 6,647
Liabilities		
Bank Overdraft	$ -	$ 3,612
Accounts Payable and Accrued Liabilities	891	2,686
	891	6,298
Net Assets (Liabilities)		
Net Assets (Liabilities), Beginning of Year	349	-
Net Operating Results	84	349
Net Assets (Liabilities), End of Year	433	349
	$ 1,324	$ 6,647

The accompanying notes and schedules are part of these financial statements.

Michener Centre Facility Board
Statement of Changes in Financial Position
For the year ended March 31, 2001
(in thousands)

	2001	2000 (As restated - Note 3)
Operating Transactions		
Net Operating Results	$ 84	$ 349
Non Cash Items		
Amortization	76	74
	76	74
Decrease (Increase) in Accounts Receivable	5,763	(3,946)
Decrease (Increase) in Inventory	227	(565)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(1,795)	824
Cash Provided (Used) by Operating Transactions	4,271	(3,613)
Investing Transactions		
Purchase of Capital Assets	(73)	(348)
Net Cash Provided (Used)	4,198	(3,961)
Cash (Bank Overdraft), Beginning of Year	(4)	-
Cash (Bank Overdraft), End of Year	$ 237	$ (3,612)

The accompanying notes and schedules are part of these financial statements.

Michener Centre Facility Board
Notes to the Financial Statements
For the year ended March 31, 2001
(in thousands)

Note 1 Authority and Purpose

The Michener Centre Facility Board (the Board) is a corporation established on October 30, 1997 by way of a Ministerial Order. The Board operates under the authority of the *Persons with Developmental Disabilities Governance Act* and the *Government Organization Act.*

The Board provides program, health care services and accommodation in a home environment to adults with developmental disabilities through the operation of facilities located in Red Deer, Alberta and Youngstown, Alberta.

The services provided by the Board are part of an array of services in Alberta available to adults with developmental disabilities. The Board receives funding from the Department of Health and Wellness. Reporting to the Department of Health and Wellness through the Provincial Board, the Board acts in an administrative capacity with respect to the operation and future direction of Michener Centre, which includes Youngstown Home.

With respect to adults with developmental disabilities who receive services from the Board, the role of the Board is to determine priorities in the provision of the services, to develop, in accordance with the regulations and subject to the approval of the Provincial Board, a plan for the delivery of services, to oversee and evaluate the implementation of the plan and to manage funding and resources accordingly.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with the following accounting policies established by government. The Canadian Institute of Chartered Accountants is the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature, and published financial statements relating to either the public sector or analogous situations in the private sector are used to supplement the recommendations of the Public Sector Accounting Board where it is considered appropriate.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(a) Reporting Entity

The reporting entity is the Board, which is part of the Ministry of Health and Wellness and for which the Minister of Health and Wellness is accountable. The financial statements of the Ministry provide a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

On March 15, 2001 the government announced new ministry structures. As a result, effective March 19, 2001 the Board was transferred to the Ministry of Community Development.

Since the 2000/2001 fiscal year was substantially completed prior to this announcement, these notes to the financial statements have been prepared as if the restructuring took place on April 1, 2001 to provide proper accountability for the 2000/2001 fiscal year against the original business plan. While it has not affected any figures presented, references to the Ministry of Health and Wellness would be changed to the Ministry of Community Development if the restructuring had been represented within these statements.

The Board is economically dependent upon the Provincial Board for its funding. This funding is allocated in a manner approved by the Minister.

(b) Basis of Financial Reporting

Expenses

Directly Incurred

Directly incurred expenses are those costs the Board has primary responsibility and accountability for, as reflected in the government's budget documents. Directly incurred expenses include amortization of capital assets. Directly incurred expenses are included in the Statement of Operations.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting (continued)

Expenses (continued)

Incurred by Others

Services contributed by other entities in support of the Board operations are disclosed in schedule 4.

Employees are assigned to the Board through an arrangement with the Department of Health and Wellness. Certain costs associated with these employees are not reflected in the financial statements such as vacation liability. Balances outstanding with respect to the provision for vacation pay as at March 31, 2001 was $3,639 (March 31, 2000 - $3,422). Total increase/(decrease) in this provision during the 2001 fiscal year was $217 (2000 fiscal year - $(784)).

Fees related to the audit of the March 31, 2001 financial statements have not been included in the Statement of Operations. Costs for this service have been estimated at $41 (2000 - $35).

Assets

Financial assets of the Board include cash and financial claims, such as receivables from other organizations or other advances, as well as inventories held for future use.

Inventories are valued at the lower of cost and net realizable value, cost being determined by using the average cost method.

Capital assets of the Board are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $100 and the threshold for all other capital assets is $15. All land is capitalized.

Liabilities

Liabilities represent all financial claims payable by the Board at the fiscal year end.

Michener Centre Facility Board
Notes to the Financial Statements
For the year ended March 31, 2001
(in thousands)

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting (continued)

Net Assets (Liabilities)

Net assets (liabilities) represents the difference between the value of assets held by the Board and its liabilities.

Note 3 Change in Accounting for Bonuses

In prior years, bonuses paid to management, opted-out and bargaining unit employees were recorded in the Department of Health and Wellness. In the current year, the responsibility for these costs was changed retroactively to the Board. The effect of such a change in responsibility was to increase the fiscal year 2000's revenue, expenses, accounts receivable, accounts payable and accrued liabilities by $552 (1999 - $822).

Note 4 Accounts Receivable

	2001			2000
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Accounts Receivable	$ 2	$ -	$ 2	$ 5,765

The current balance represents a GST receivable from the Federal Government of $2. (2000 balance includes a receivable from the Provincial Board of $5,761 and the Department of Human Resources and Employment of $4.)

Accounts receivable are unsecured and non-interest bearing.

Note 5 Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, advances, and accounts payable and accrued liabilities are estimated to approximate their book values.

Note 6 Voluntary Contributions

These financial statements do not include amounts relating to voluntary contributions received for materials and services.

Note 7 Capital Assets

	2001				2000
	Estimated Useful Life	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Equipment	10 yrs	$ 1,314	$ 1,095	$ 219	$ 218
Automotive Equipmen	3 yrs	665	570	95	99
		$ 1,979	$ 1,665	$ 314	$ 317

Note 8 Commitments

As at March 31, 2001, the Board has the following commitments:

Service contracts (a)	$ 2,513
Long-term leases (b)	348
	$ 2,861

[a] The actual amounts are dependent on the usage of service.

[b] The Board leases certain equipment under operating leases that expire on various dates to 2004. The aggregate amounts payable for the unexpired terms of these leases are as follows:

2002	$ 185
2003	111
2004	52
	$ 348

Note 9 Restricted Funds Under Administration

The Board administers restricted funds that are designated by the Provincial Treasurer as regulated funds.

The funds are used to provide recreational, social, and vocational opportunities and dental services for persons with developmental disabilities.

A legal opinion is being sought to clarify the nature of these funds and whether they should continue to be excluded from the Board's financial statements, or be accounted for as part of ongoing operations. Pending the outcome of the legal opinion, the funds are disclosed in these notes. The accounting presentation of these funds may change in future years

Michener Centre Facility Board
Notes to the Financial Statements
For the year ended March 31, 2001
(in thousands)

Note 9 Restricted Funds Under Administration (continued)

As at March 31, 2001 restricted funds under administration were as follows:

	2001	2000
Assets		
Cash	$ 960	$ 832
Accounts Receivable	29	39
Inventory	140	142
Capital Assets	47	20
	$ 1,176	$ 1,033
Liabilities		
Deferred Revenue	$ 21	$ 15
Net Assets		
Net Assets, Beginning of Year	1018	940
Net income	137	78
Net Assets, End of Year	1155	1018
	$ 1,176	$ 1,033

The activity for the funds for the year ended March 31, 2001 was as follows:

	2001	2000
Fund Revenue	$ 623	$ 598
Fund Expenses	486	520
	$ 137	$ 78

Michener Centre Facility Board
Notes to the Financial Statements
For the year ended March 31, 2001
(in thousands)

Note 10 Fee Revenue

(a) Maintenance Fee Revenue

The Board collects a fee from certain residents on behalf of the Provincial Treasurer as a contribution towards the services provided by the Board. Fees in the amount of $794 were collected during the year (2000 fiscal year - $1,031). The fee rates are set by the Provincial Treasurer and the collected fees are remitted to the Provincial Treasurer. The revenue is reported in the financial statements of the Department of Health and Wellness.

(b) Roland Michener Recreation Centre Revenue

The Board collects fees from external users of the Recreation Centre. The fees are remitted to the Provincial Treasurer. Fees in the amount of $206 were collected during the year (2000 fiscal year - $201).

Note 11 Trust Funds Under Administration

The Board administers trust funds on behalf of the clients. As at March 31, 2001, the trust funds under administration totaled $279 (2000 - $252).

Note 12 Comparative Figures

Certain 2000 figures have been reclassified to conform to the 2001 presentation.

Note 13 Approval of Financial Statements

The financial statements were prepared by management and approved by the Chief Executive Officer and the Board.

Michener Centre Facility Board
Expense Detailed by Object
For the year ended March 31, 2001
(in thousands)

Schedule 1

	2001		2000
	Budget	Actual	Actual (As restated - Note 3)
Manpower Costs (a)	$ 33,297	$ 34,576	$ 34,434
Supplies and Services	8,597	8,953	8,224
Amortization of Capital Assets	-	76	74
Total Expenses	$ 41,894	$ 43,605	$ 42,732

(a) Manpower costs relate to employees assigned to the Board from the Department of Health and Wellness and are not employees of the Board.

Michener Centre Facility Board Budget For the year ended March 31, 2001 (in thousands)

Schedule 2

	2000/2001 Original Budget	Increases From Provincial Board	Facility Board Reallocation	2000/2001 Current Allocation
Revenue				
Grant from Persons with Developmental Disabilities Provincial Board	$ 42,254	$ 1,435	$ -	$ 43,689
Expenses				
Community Living Supports	20,483	1,435	(321)	21,597
Community Access Supports	2,670	-	106	2,776
Specialized Community Supports	1,289	-	50	1,339
Direct Operations	13,470	-	219	13,689
Supports to Delivery System	3,840	-	146	3,986
Board Governance	142	-	-	142
	41,894	1,435	200	43,529
Net Operating Results	$ 360	$ -	$ (200)	$ 160
Capital Investments	$ 360	$ -	$ (200)	$ 160

The 2000/2001 Original Budget was approved as part of the Government Estimates that were tabled in the Legislative Assembly of Alberta on February 4, 2000. As a result of changes in operational requirements that emerged during the fiscal year, the Provincial Board provided direction regarding changes in the level of funding to be allocated to the Michener Centre Facility Board. The final result of this direction is presented above as the 2000/2001 Current Allocation, and was approved by the Provincial Board on February 8, 2001.

The 2000/2001 Original Budget was approved by the Michener Centre Facility Board on April 20, 2000.

Michener Centre Facility Board **Schedule 3**
Disclosure of Payments to Executives
For the year ended March 31, 2001
(in thousands)

	2001			2000
	Payments	Contributions	Total	Total [c]
Chair of the Board [a]	$30	$ -	$30	$22
Board Members (7 members) [a]	$56	$ -	$56	$38
Chief Executive Officer [b]	$112	$20	$132	$115

[a] These amounts represent honoraria payments made to the Chair and Members of the Board.

[b] These payments are made to the Chief Executive Officer under contract with the Department of Health and Wellness. The Chief Executive Officer is assigned to the Facility Board under an arrangement with the Department of Health and Wellness.

Payments include salary, achievement bonus, retroactive pay and vacation payout.

Contributions include payments for pension, health care, dental and medical coverage, group life insurance, long and short term disability plans.

[c] 2000 expense totals have been restated to reflect achievement bonus paid to the Chief Executive Officer (see Note 3).

Michener Centre Facility Board
Allocated Costs **Schedule 4**
For the year ended March 31, 2001
(in thousands)

	2001			2000
		Expenses Incurred by Others		
	Expenses (1)	Accommodation Costs (2)	Total Expenses	Total Expenses
Community Living Supports	$ 21,527	$ 2,798	$ 24,325	$ 23,632
Community Access Supports	2,821	545	3,366	3,260
Specialized Community Supports	1,658	151	1,809	1,823
Direct Operations	14,142	1,230	15,372	14,800
Supports to Delivery System	3,329	257	3,586	3,522
Board Governance	128		128	94
	$ 43,605	$ 4,981	$ 48,586	$ 47,131

(1) Expenses - Directly Incurred as per Statement of Operations.

(2) Costs shown for Accommodation (includes grants in lieu of taxes) on schedule 5.

Michener Centre Facility Board
Schedule of Related Party Transactions
For the year ended March 31, 2001
(in thousands)

Schedule 5

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Board.

The Board and the employees assigned to it from the Department of Health and Wellness paid or collected certain taxes and fees set by regulation for permits, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Board had the following transactions with related parties recorded at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities	
	2001	2000	2001	2000
Revenues:				
Persons with Developmental Disabilities Provincial Board	$ 43,689	$ 43,081	$ -	$ -
Expenses:				
Department of Infrastructure	$ -	$ -	$ 9	$ 2
Accounts Receivable:				
Persons with Developmental Disabilities Provincial Board	$ -	$ 5,761	$ -	$ -
Department of Human Resources and Employment	-	-	-	4
	$ -	$ 5,761	$ -	$ 4

The Board also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements and are disclosed in Schedule 4.

	Entities in the Ministry		Other Entities	
	2001	2000	2001	2000
Expenses - Incurred by Others				
Department of Infrastructure	$ -	$ -	$ 4,981	$ 4,399

Persons with Developmental Disabilities Foundation

Financial Statements

March 31, 2001

PERSONS WITH DEVELOPMENTAL DISABILITIES FOUNDATION

FINANCIAL STATEMENTS

MARCH 31, 2001

Auditor's Report

Statement of Operations and Changes in Fund Balances

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Schedule of Related Party Transactions

AUDITOR
GENERAL
Alberta

AUDITOR'S REPORT

To the Board of Trustees of the Persons with Developmental Disabilities Foundation
and the Minister of Community Development

I have audited the statement of financial position of the Persons with Developmental Disabilities Foundation as at March 31, 2001 and the statements of operations and changes in fund balances, and changes in financial position for the year then ended. These financial statements are the responsibility of the management of the Foundation. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Persons with Developmental Disabilities Foundation as at March 31, 2001 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Peter Valentine FCA
Auditor General

Edmonton, Alberta
May 17, 2001

Persons with Developmental Disabilities Foundation
Statement of Operations and Changes in Fund Balances
For the year ended March 31, 2001

	2001			2000 (Restated - Note 9)		
	Endowment Fund	General Fund	**Total**	Endowment Fund	General Fund	**Total**
Revenues:						
Government grants	-	357,000	**357,000**	-	270,000	**270,000**
Investment income (note 9)	-	178,645	**178,645**	-	34,285	**34,285**
Contributed services (note 8 & 9)	-	53,429	**53,429**	-	60,332	**60,332**
Other/donations	-	-	-	2,490	-	**2,490**
	-	589,074	**589,074**	2,490	364,617	**367,107**
Expenses:						
Foundation administration	-	63,766	**63,766**	-	63,641	**63,641**
Contracted services	-	43,001	**43,001**	-	33,174	**33,174**
Contributed services (note 8 & 9)	-	53,429	**53,429**	-	60,332	**60,332**
Grant expense	-	249,930	**249,930**	-	-	-
Investment management fee	-	11,465	**11,465**	-	13,378	**13,378**
Foundation salaries & severance	-	151,194	**151,194**	-	200,573	**200,573**
	-	572,785	**572,785**	-	371,098	**371,098**
Net operating results	-	16,289	**16,289**	2,490	(6,481)	**(3,991)**
Fund balances, beginning of period	2,502,490	271,210	**2,773,700**	2,500,000	277,691	**2,777,691**
Fund balances, end of year	2,502,490	287,499	**2,789,989**	2,502,490	271,210	**2,773,700**

The accompanying notes and schedule are part of these financial statements.

Persons with Developmental Disabilities Foundation
Statement of Financial Position
As at March 31, 2001

	2001			2000 (Restated - Note 9)		
	Endowment Fund	General Fund	**Total**	Endowment Fund	General Fund	**Total**
Assets:						
Current assets:						
Cash and short term investments (note 7)	-	228,593	**228,593**	-	242,776	**242,776**
Accounts receivable	-	1,141	**1,141**	-	10,130	**10,130**
Prepaid investment fee	-	3,201	**3,201**	-	3,201	**3,201**
	-	232,935	**232,935**	-	256,107	**256,107**
Non-current assets:						
Investments (note 7 & 9)	2,502,490	55,614	**2,558,104**	2,502,490	30,913	**2,533,403**
	2,502,490	288,549	**2,791,039**	2,502,490	287,020	**2,789,510**
Liabilities:						
Accounts payable and accrued liabilities	-	1,050	**1,050**	-	15,810	**15,810**
Fund balances:						
Restricted	2,502,490	-	**2,502,490**	2,502,490	-	**2,502,490**
Unrestricted	-	287,499	**287,499**	-	271,210	**271,210**
	2,502,490	287,499	**2,789,989**	2,502,490	271,210	**2,773,700**
	2,502,490	288,549	**2,791,039**	2,502,490	287,020	**2,789,510**

The accompanying notes and schedule are part of these financial statements.

Persons with Developmental Disabilities Foundation
Statement of Changes in Financial Position
For the year ended March 31, 2001

	2001	2000 (Restated - Note 9)
Operating Activities:		
Net operating results - General Fund	16,289	(6,481)
Increase/(decrease) in non-cash working capital	(5,771)	(3,697)
	10,518	(10,178)
Financing Activities		
Endowment contributions	-	2,490
	-	2,490
Investing Activities		
(Increase)/decrease in endowment fund receivable	-	2,500,000
Investment purchases	(303,971)	(2,533,403)
Proceeds on sale of investments	279,270	250,000
	(24,701)	216,597
Net increase in cash and short term investments	(14,183)	208,909
Cash and short term investments, beginning of yea	242,776	33,867
Cash and short term investments, end of year	228,593	242,776

The accompanying notes and schedule are part of these financial statements.

Persons with Developmental Disabilities Foundation
Notes to the Financial Statements
For the year ended March 31, 2001

Note 1 Authority

The Persons with Developmental Disabilities Foundation (the Foundation) is a non-taxable crown corporation that operates under the authority of the Persons with Developmental Disabilities Foundation Act and the Government Organization Act.

Note 2 Purpose

The purpose of the Foundation is to undertake, support and promote activities that will enhance the quality of life of persons with developmental disabilities in Alberta. In carrying out its purposes, the Foundation may, subject to the regulations, solicit and raise funds for capital projects, pilot projects or research.

Note 3 Summary of significant accounting policies and reporting practices

(a) Reporting Entity

The reporting entity is the Foundation, which is part of the Ministry of Health and Wellness and for which the Minister of Health and Wellness is accountable.

On March 15, 2001 the government announced new ministry structures. As a result, effective March 19, 2001 the Foundation was transferred to the Ministry of Community Development.

Since the 2000/2001 fiscal year was substantially completed prior to this announcement, these notes to the financial statements have been prepared as if the restructuring took place April 1, 2001 to provide proper accountability for the 2000/2001 fiscal year against the original business plan. While it has not affected any figures presented, references to the Ministry of Health and Wellness would be changed to the Ministry of Community Development if the restructuring had been represented within these statements.

(b) Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, prepaid expenses and accounts payable and accrued liabilities are estimated to approximate their book value.

Persons with Developmental Disabilities Foundation
Notes to the Financial Statements
For the year ended March 31, 2001

Note 3 Summary of Significant Accounting Policies and Reporting Practices (continued)

(c) Fund accounting

The Foundation follows the restricted fund method of accounting for contributions.

The General Fund accounts for the organization's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The Endowment Fund report resources contributed for endowment.

(d) Revenue Recognition

Contributions related to general operations are recognized as revenue of the General Fund in the year they are received. All other restricted contributions are recognized as revenue of the appropriate restricted fund when received.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income earned on resources of the Endowment Funds are reported in the General Fund.

Contributions for endowment are recognized as revenue in the Endowment Fund when received.

Assets

Financial assets of the Foundation are comprised of financial claims, such as receivables from other organizations. The carrying value of these assets approximate fair value. See note 7 regarding investments.

Liabilities

Liabilities include all financial claims payable by the Foundation at fiscal year end.

Persons with Developmental Disabilities Foundation
Notes to the Financial Statements
For the year ended March 31, 2001

Note 4 Restricted Funds

Contributions to the endowment fund have been externally restricted to establish operating and capital endowment funds, the income from which is unrestricted. The Capital fund will be established to fund grants according to the Foundation's purpose. The Operating fund will be established to fund the Foundation's operations. These funds have not yet been established due to the uncertainty surrounding the future of the Foundation.

Note 5 Subsequent Event

These financial statements have been prepared on a going concern basis, which contemplates the future operations of the Foundation.

The Foundation's ability to continue as a going concern is dependent upon the action taken on the recommendations regarding the Foundation to the Minister of Health and Wellness in the Building Better Bridges report released in January 2000. This report recommended that the Foundation be wound down. As of May 17, 2001, nothing further has been communicated to the Foundation regarding this recommendation.

Subsequent to the preparation of financial statements on June 20, 2001, the Foundation was informed of government decisions to dissolve the Foundation.

Note 6 Related Party Transactions

The Foundation received $357,000 in operating funds for 2000/2001 from the Department of Health and Wellness.

Persons with Developmental Disabilities Foundation
Notes to the Financial Statements
For the year ended March 31, 2001

Note 7 Cash and Investments

	2001		2000	
	Cost	Market	Cost	Market
Cash	$ 228,593	$ 228,593	$ 242,164	$ 242,164
Mutual Funds:				
Money market fund	-	-	612	612
Pooled Bond fund	2,558,104	2,601,104	2,533,403	2,533,403
Total cash and investments	$ 2,786,697	$ 2,829,697	$ 2,776,179	$ 2,776,179
Held as non-current	2,558,104	2,601,104	2,533,403	2,533,403
Held as current assets	$ 228,593	$ 228,593	$ 242,776	$ 242,776

The General Fund paid for investment manager's fees of $11,465.

Note 8 Contributed Supplies and Services

The Foundation received accommodation and other services from the Government of Alberta at no cost but had an estimated value of $53,429.

Volunteers contribute approximately 500 hours per year to assist the Foundation in carrying out its activities. Because of the difficulty determining their fair value, their contributed services are not recognized in the financial statements.

Note 9 Correction to Prior Year Financial Statements

The expense for contributed equipment used during 1999/2000 was overstated by $19,848 and corresponding contributed service revenue was overstated by an equal amount. The net effect on income is zero.

Investment assets and income were overstated in 1999/2000 by $442,507. Corrections and restated amounts are as follows:

Note 9 Correction to Prior Year Financial Statements (continued)

	Previously reported	Correction	Restated
Non-current investment	$2,975,910	($442,507)	$2,533,403
Investment income	$476,792	($442,507)	$34,285
Fund balances	$3,216,207	($442,507)	$2,773,700

Note 10 Budget

The Board of Trustees approved the following 2000-2001 budget on December 19, 2000:

	(000's)
Revenue	$357
Supplies and Services	184
Salaries and Benefits	297
Total expense	481
Excess (deficiency) of revenue over expense	$(124)

The approved budget did not include:

- expected investment revenue (actual $178,645) and expenses (actual $11,465)
- the value of contributed services (actual $53,429)
- expected grant payments (actual $249,930).

Note 11 Comparative Figures

Certain 2000 comparative figures have been reclassified to conform to 2001 presentation.

Note 12 Approval of Financial Statements

These financial statements were approved by the Board of Trustees of the Foundation.

Persons with Developmental Disabilities Foundation
Disclosure of Payments to Board and Executives
For the year ended March 31, 2001

Schedule 1

	2001			2000
	Honoraria and salaries (1)	Benefits (2)	Total	Total
Chair	$ 3,751	$ 80	$ 3,831	$ 3,755
Board of trustees	13,713	-	13,713	7,670
	17,464	80	17,544	11,425
Chief Executive officer (3)	74,393	16,046	90,439	92,483
Director of Grants, Finance and Administration (3)	36,330	7,576	43,906	51,723
Director of Fund Development (4)	12,603	4,246	16,849	31,898
	123,326	27,868	151,194	176,104
	140,790	27,948	168,738	$ 187,529

(1) Salaries include severance payments ($118,336) to terminated staff as well as honoraria payments to board members, including seven Trustees and one Chair.

(2) Benefits include the Foundation's share of all employee benefits and contributions or payments made on behalf of employees including vacation pay-outs, pension, health care, dental coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans and professional memberships.

(3) These positions were terminated as at May 23, 2000.

(4) This position was terminated April 21, 2000.

Persons with Development Disabilities Foundation
Schedule of Related Party Transactions
For the year ended March 31, 2001

Schedule 2

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Foundation.

The Foundation and its employees paid or collected certain taxes and fees set by regulation for permits, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Foundation had the following transactions with related parties recorded at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities	
	2001	2000	2001	2000
Revenues:				
Department of Health and Wellness	$ 357,500	$ 270,000	$ -	$ -

The Foundation also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service.

	Entities in the Ministry		Other Entities	
	2001	2000	2001	2000
Expenses - Incurred by Others				
Department of Infrastructure	$ -	$ -	$ 53,429	$ 60,332

Health Authority Highlights

This section highlights the financial results of the 17 regional health authorities, the Alberta Mental Health Board and the Alberta Cancer Board (the "health authorities.")

This section was compiled from the health authorities' audited financial statements for the fiscal year ended March 31, 2001. The statements were prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP) and Alberta Health and Wellness' Financial Directive 18. This section is unaudited.

Operating Results

- For the fiscal year 2000/2001, the health authorities in aggregate reported an operating surplus of $40 million. This compares to the budgeted surplus of $17 million and the 1999/2000 surplus of $193 million. Seventeen of the 19 health authorities reported a 2000/2001 operating surplus; the remaining two had a combined operating deficit of only $640,000.
- The aggregate operating surplus for 2000/2001 represents approximately 1 per cent of total revenue, compared to 3 per cent in the prior year (after adjusting for $60 million in one-time 1999/2000 funding for elimination of accumulated deficits).
- In 2000/2001, the health authorities had aggregate revenue of $4.3 billion compared to $4.0 billion in the prior year, an increase of 8 per cent. The majority of the increase ($253 million) came from Alberta Health and Wellness contributions. Alberta Health and Wellness provided 84.4 per cent of total revenue, compared to 84.8 per cent in the prior year. Of remaining revenue, fees and charges represented the largest share at 6.5 per cent.
- Total 2000/2001 expense was $4.3 billion, compared to $3.8 billion in the prior year – an increase of 12.4 per cent. The majority of the increase was in salary expense.

Financial Position

- The health authorities in aggregate reported total net assets of $475 million at March 31, 2001, an increase of $40 million from the prior year. Of the total, $222 million or 47 per cent was unrestricted or internally restricted by the health authority board. The remainder represents the amount invested in capital assets.
- Unrestricted or internally restricted net assets at March 31, 2001 represents 5 per cent of 2000/2001 revenue and is available to be spent on health service delivery or for capital expenditures.
- None of the 19 health authorities had accumulated deficits at March 31, 2001.

- Working capital for all health authorities at March 31, 2001 was $116 million (current assets to current liabilities ratio of 1.20) compared to $121 million in the prior year (ratio of 1.24). The health authorities had cash available for operating needs amounting to $483 million, up $49 million from the prior year. However, accounts payable and accrued vacation pay increased by $63 million from the prior year.
- Total long-term debt for all health authorities at March 31, 2001 was $17 million, down from $24 million at March 31, 2000.
- Due to a change in accounting policy, health authorities no longer report their portion of the Local Authority Pension Plan unfunded deficit on their balance sheets. The Plan reported a total actuarial surplus (including health authorities' share) at December 31, 2000 of $883 million.

Capital Assets

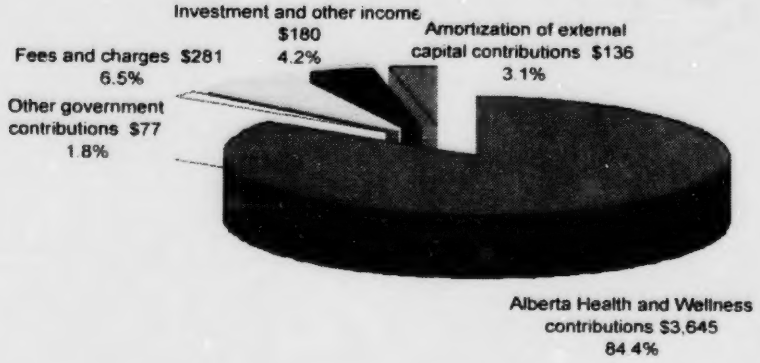
- The health authorities held a combined investment of $2.5 billion in capital assets. Of this total, $253 million or 10 per cent was funded from operating surpluses generated annually. The remainder was funded primarily from capital grants provided by Alberta Infrastructure, Alberta Lotteries and health foundations.
- In 2000/2001 the health authorities spent $247 million to acquire capital assets. Of this amount, $170 million was provided by external contributors, while $77 million was funded from operating surpluses.
- Of total 2000/2001 capital expenditures, $145 million was spent on new equipment and $102 million on infrastructure.
- The average remaining useful life of health authorities' capital equipment at March 31, 2001 was 4.6 years (5.2 years prior year).

Additional Information

Copies of the health authorities' audited financial statements are included in Section II of the Ministry Annual Report.

Chart I

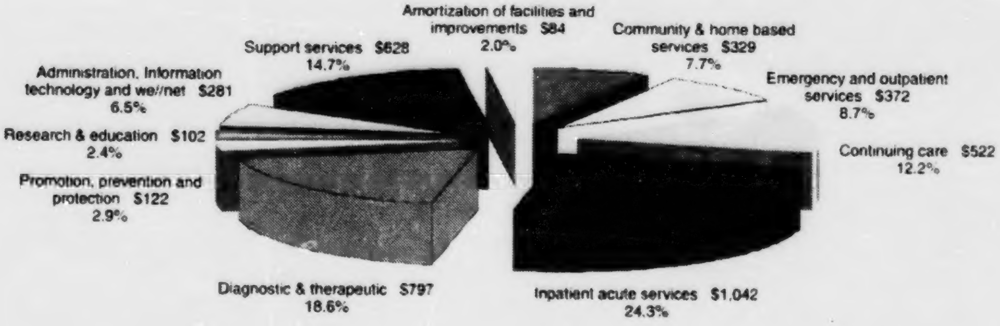
HEALTH AUTHORITIES
2000/2001 ACTUAL REVENUE
($ millions)



TOTAL $4,319

Chart II

HEALTH AUTHORITIES
2000/2001 ACTUAL EXPENSES
($ millions)



TOTAL $4,279

TABLE I

HEALTH AUTHORITY SUMMARY
ANALYSIS OF OPERATIONS
FOR THE FISCAL YEAR 2000/2001 ENDED MARCH 31, 2001
(Thousands of dollars)

	2000/01 BUDGET	2000/01 ACTUAL	% OF TOTAL	CHANGES FROM 1999/00 $	CHANGES FROM 1999/00 %	1999/00 ACTUAL	% OF TOTAL
REVENUE							
Alberta Health and Wellness contributions	3,623,623	3,645,462	84.4%	252,921	7.5%	3,392,541	84.8%
Other government contributions	59,062	76,544	1.8%	24,187	46.2%	52,357	1.3%
Fees and charges	272,312	281,119	6.5%	4,321	1.6%	276,798	6.9%
Ancillary operations, net	15,315	14,573	0.3%	(1,328)	(8.4%)	15,901	0.4%
Donations	9,718	10,789	0.2%	233	2.2%	10,556	0.3%
Investment and other income	116,924	154,951	3.7%	28,816	22.8%	126,135	3.2%
Amortization of external capital contributions	146,935	135,895	3.1%	10,096	8.0%	125,799	3.1%
TOTAL REVENUE	4,243,889	4,319,333	100.0%	319,246	8.0%	4,000,087	100.0%
EXPENSE							
Facility-based inpatient acute services	1,031,226	1,041,766	24.3%	123,031	13.4%	918,735	24.1%
Facility-based emergency and outpatient services	365,003	372,270	8.7%	58,713	18.7%	313,557	8.2%
Facility-based continuing care services	503,733	521,831	12.2%	31,528	6.4%	490,303	12.9%
Community & home based services	349,111	328,855	7.7%	64,879	24.6%	263,976	6.9%
Diagnostic & therapeutic services	795,356	797,462	18.6%	88,653	12.5%	708,809	18.6%
Promotion, prevention and protection services	120,893	122,245	2.9%	13,184	12.1%	109,061	2.9%
Research & education	101,695	101,901	2.4%	7,647	8.1%	94,254	2.5%
Administration	180,030	176,763	4.1%	17,999	11.3%	158,764	4.2%
Information technology and wellnet	82,265	104,143	2.4%	20,535	24.6%	83,608	2.2%
Y2K Remedial costs	790	842	0.0%	(19,719)	(95.9%)	20,561	0.5%
Support services	609,303	627,668	14.7%	65,105	11.6%	562,563	14.8%
Amortization of facilities and improvements	87,436	83,725	2.0%	773	0.9%	82,952	2.2%
Capital assets write-down	-	-	0.0%	(278)	(100.0%)	278	0.0%
TOTAL EXPENSE	4,226,841	4,279,471	100.0%	472,050	12.4%	3,807,421	100.0%
Excess (deficiency) of revenue over expense	17,048	39,862		(152,804)		192,666	

TABLE II

HEALTH AUTHORITY FINANCIAL SUMMARY
STATEMENT OF OPERATIONS
FOR THE FISCAL YEAR 2000/2001 ENDED MARCH 31, 2001
(Thousands of dollars)

	CHINOOK			PALLISER			HEADWATERS			CALGARY		
	2000/01 BUDGET	2000/01 ACTUAL	1999/00 ACTUAL	2000/01 BUDGET	2000/01 ACTUAL	1999/00 ACTUAL	2000/01 BUDGET	2000/01 ACTUAL	1999/00 ACTUAL	2000/01 BUDGET	2000/01 ACTUAL	1999/00 ACTUAL
REVENUE												
Alberta Health and Wellness contributions	167,497	168,108	152,248	91,926	91,926	84,492	52,850	52,852	49,806	1,067,559	1,073,684	1,030,183
Other government contributions	2,282	2,214	2,222	2,241	2,909	2,135	1,753	2,664	1,606	16,093	16,985	13,302
Fees and charges	12,460	12,842	12,660	10,340	10,144	10,419	6,943	6,981	6,886	87,696	89,415	88,474
Ancillary operations, net	475	571	498	203	221	274	120	111	129	9,495	9,299	10,303
Donations	151	280	313	300	264	319	238	440	297	5,273	4,833	5,755
Investment and other income	3,216	5,402	3,241	2,086	2,450	2,091	1,195	1,740	1,569	26,374	37,379	31,392
Amortization of external capital contributions	8,696	8,305	7,427	3,725	3,965	3,745	2,184	2,284	2,103	44,710	34,331	32,216
TOTAL REVENUE	194,777	197,722	178,609	110,821	111,879	103,475	65,283	67,072	62,396	1,257,200	1,265,926	1,211,625
EXPENSE												
Facility-based inpatient acute services	46,821	47,327	43,599	26,523	26,565	24,162	10,425	11,151	9,779	332,248	335,159	296,990
Facility-based emergency and outpatient services	10,410	10,796	9,406	4,475	4,797	4,124	2,989	3,297	2,835	149,603	149,386	124,726
Facility-based continuing care services	26,645	27,599	25,240	17,315	16,759	16,141	9,936	10,011	9,353	143,143	146,790	140,486
Community & home based services	12,517	11,937	9,426	8,176	6,819	5,362	5,495	4,752	3,952	87,822	80,307	61,270
Diagnostic & therapeutic services	35,233	35,184	32,038	19,503	19,283	17,393	10,655	11,004	10,105	265,844	257,733	232,386
Promotion, prevention and protection services	6,771	7,178	5,838	2,896	2,933	2,691	2,843	2,917	2,696	25,864	27,185	23,162
Research & education	-	-	-	-	-	-	-	-	-	15,941	16,708	15,543
Administration	8,537	8,931	8,015	4,938	5,065	4,696	4,504	4,129	3,676	55,416	51,868	44,519
Information technology and we//net	4,246	3,344	3,144	1,310	2,886	1,263	1,370	1,921	919	31,916	35,621	35,186
Y2K remedial costs	20	20	637	-	-	658	-	-	168	-	-	-
Support services	32,183	33,873	31,772	21,014	22,573	20,130	15,523	16,155	14,343	143,726	145,643	135,309
Amortization of facilities and improvements	7,081	6,718	5,912	3,241	3,203	3,171	1,929	1,998	1,961	20,820	18,168	18,617
Capital assets write-down	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENSE	190,464	192,907	175,027	109,391	110,883	99,791	65,669	67,335	59,787	1,272,343	1,264,568	1,128,194
Excess (deficiency) of revenue over expense	4,313	4,815	3,582	1,430	996	3,684	(386)	(263)	2,609	(15,143)	1,358	83,431

TABLE II

HEALTH AUTHORITY FINANCIAL SUMMARY
STATEMENT OF OPERATIONS
FOR THE FISCAL YEAR 2000/2001 ENDED MARCH 31, 2001

(Thousands of dollars)

	REGIONAL HEALTH AUTHORITY 5			DAVID THOMPSON			EAST CENTRAL			WESTVIEW		
	2000/01 BUDGET	2000/01 ACTUAL	1999/00 ACTUAL	2000/01 BUDGET	2000/01 ACTUAL	1999/00 ACTUAL	2000/01 BUDGET	2000/01 ACTUAL	1999/00 ACTUAL	2000/01 BUDGET	2000/01 ACTUAL	1999/00 ACTUAL
REVENUE												
Alberta Health and Wellness contributions	45,235	44,755	41,770	175,842	177,558	159,482	118,701	118,364	110,958	46,445	46,496	50,098
Other government contributions	299	514	294	2,543	3,039	1,459	5,268	4,230	4,883	1,654	2,030	1,032
Fees and charges	4,475	4,382	4,469	12,069	12,708	12,115	11,292	11,271	11,220	4,251	4,545	3,993
Ancillary operations, net	-	78	(73)	467	453	521	48	48	78	(134)	(202)	(155)
Donations	61	48	23	976	964	866	-	283	310	90	91	118
Investment and other income	526	970	651	3,015	4,575	4,902	1,609	1,934	1,537	678	681	471
Amortization of external capital contributions	1,929	1,664	1,780	6,649	6,217	5,114	4,044	3,883	3,826	1,270	2,129	1,196
TOTAL REVENUE	52,525	52,411	48,914	201,561	205,514	184,459	140,962	140,013	132,812	54,254	55,770	56,753
EXPENSE												
Facility-based inpatient acute services	7,321	7,219	6,957	47,900	49,154	43,619	25,682	25,232	22,823	7,052	7,280	6,093
Facility-based emergency and outpatient services	1,929	1,764	1,689	10,334	10,835	9,441	2,539	3,142	3,336	3,868	3,772	3,450
Facility-based continuing care services	10,254	9,654	8,814	23,723	24,465	21,190	26,376	26,542	24,865	4,357	4,468	3,691
Community & home based services	4,021	3,305	2,626	9,902	9,518	8,430	13,333	13,464	12,945	6,254	6,224	5,408
Diagnostic & therapeutic services	8,181	8,004	6,986	40,238	40,668	34,401	19,682	18,810	18,115	9,168	9,395	8,297
Promotion, prevention and protection services	2,352	2,231	2,058	5,990	6,184	5,245	3,659	3,783	2,803	4,582	4,518	4,098
Research & education	-	-	-	-	-	-	67	54	65	-	-	-
Administration	2,685	2,419	2,347	9,402	9,223	8,591	9,057	9,204	8,378	3,588	3,519	3,256
Information technology and we//net	966	1,006	785	3,378	3,398	3,240	1,855	1,847	1,718	816	1,154	875
Y2K remedial costs	-	-	107	250	427	2,544	-	48	1,364	70	-	394
Support services	11,991	13,053	10,947	40,459	40,755	35,928	33,264	31,906	30,734	13,644	14,296	12,176
Amortization of facilities and improvements	1,401	1,328	1,326	4,577	4,501	4,446	3,275	3,154	3,152	855	1,521	855
Capital assets write-down	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENSE	51,101	49,983	44,642	196,153	199,128	177,075	138,789	137,186	130,298	54,254	56,147	48,593
Excess (deficiency) of revenue over expense	1,424	2,428	4,272	5,408	6,386	7,384	2,173	2,827	2,514	-	(377)	8,160

TABLE II

HEALTH AUTHORITY FINANCIAL SUMMARY
STATEMENT OF OPERATIONS
FOR THE FISCAL YEAR 2000/2001 ENDED MARCH 31, 2001
(Thousands of dollars)

	CROSSROADS			CAPITAL HEALTH			ASPEN			LAKELAND		
	2000/01 BUDGET	2000/01 ACTUAL	1999/00 ACTUAL	2000/01 BUDGET	2000/01 ACTUAL	1999/00 ACTUAL	2000/01 BUDGET	2000/01 ACTUAL	1999/00 ACTUAL	2000/01 BUDGET	2000/01 ACTUAL	1999/00 ACTUAL
REVENUE												
Alberta Health and Wellness contributions	40,105	40,433	38,149	1,163,962	1,176,203	1,100,000	56,313	56,650	53,938	102,156	102,392	96,917
Other government contributions	1,000	1,358	1,285	12,271	18,013	12,780	1,405	1,513	967	3,848	3,590	2,454
Fees and charges	2,380	2,634	2,339	87,586	91,241	90,668	5,049	5,595	5,195	9,606	10,404	9,543
Ancillary operations, net	-	10	(108)	4,173	3,581	4,375	(32)	36	(27)	-	(4)	(35)
Donations	75	54	122	-	-	-	200	616	241	-	533	410
Investment and other income	345	1,071	732	53,992	62,380	51,632	1,904	3,606	1,868	1,688	2,393	1,694
Amortization of external capital contributions	2,560	2,685	2,543	38,375	38,613	34,665	2,956	2,588	2,956	4,595	3,984	4,653
TOTAL REVENUE	46,465	48,245	45,062	1,360,359	1,390,031	1,294,120	67,795	70,604	65,138	121,893	123,292	115,636
EXPENSE												
Facility-based inpatient acute services	8,705	9,024	8,257	380,872	386,597	332,057	9,175	9,233	8,709	18,334	18,611	16,545
Facility-based emergency and outpatient services	2,945	3,047	2,723	112,992	115,408	97,313	4,072	3,993	3,495	6,646	6,351	6,007
Facility-based continuing care services	4,789	4,753	4,437	180,767	182,756	174,921	11,472	11,120	10,305	22,849	24,381	21,785
Community & home based services	2,132	1,950	1,754	75,992	76,335	64,189	6,279	6,281	5,509	9,375	9,262	8,028
Diagnostic & therapeutic services	7,983	8,237	7,502	260,417	265,465	234,372	11,193	11,230	9,874	20,211	21,106	18,334
Promotion, prevention and protection services	2,270	2,315	2,113	33,920	34,318	32,507	3,024	3,066	2,893	6,285	6,143	5,304
Research & education	-	-	-	68,336	67,122	63,300	-	-	-	595	-	-
Administration	3,022	2,799	2,845	39,848	38,211	36,352	4,035	4,105	3,931	5,189	5,169	5,708
Information technology and we//net	1,736	1,664	1,601	21,278	34,706	22,351	748	773	421	1,847	1,547	1,306
Y2K remedial costs	-	-	439	-	-	7,599	-	-	807	450	37	1,913
Support services	9,777	10,862	9,850	165,912	167,040	144,728	14,573	16,467	13,960	23,506	25,258	22,717
Amortization of facilities and improvements	1,949	1,950	1,950	19,525	20,239	19,939	2,236	1,853	2,236	3,255	3,252	4,036
Capital assets write-down	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENSE	45,308	46,601	43,471	1,359,859	1,388,197	1,229,628	66,807	68,121	62,140	118,542	121,117	111,683
Excess (deficiency) of revenue over expense	1,157	1,644	1,591	500	1,834	64,492	988	2,483	2,998	3,351	2,175	3,953

TABLE II

HEALTH AUTHORITY FINANCIAL SUMMARY
STATEMENT OF OPERATIONS
FOR THE FISCAL YEAR 2000/2001 ENDED MARCH 31, 2001
(Thousands of dollars)

	MISTAHIA			PEACE			KEEWEETINOK LAKES			NORTHERN LIGHTS		
	2000/01 BUDGET	2000/01 ACTUAL	1999/00 ACTUAL	2000/01 BUDGET	2000/01 ACTUAL	1999/00 ACTUAL	2000/01 BUDGET	2000/01 ACTUAL	1999/00 ACTUAL	2000/01 BUDGET	2000/01 ACTUAL	1999/00 ACTUAL
REVENUE												
Alberta Health and Wellness contributions	87,860	87,424	78,122	22,685	23,676	21,955	19,719	19,940	19,034	29,296	29,890	28,029
Other government contributions	470	474	476	-	285	20	350	572	371	431	577	204
Fees and charges	7,476	7,974	7,606	1,512	1,499	1,553	1,050	1,838	1,124	2,580	2,627	2,765
Ancillary operations, net	252	372	336	72	78	56	-	(61)	141	(37)	(25)	(20)
Donations	-	110	93	-	15	135	226	297	53	22	237	110
Investment and other income	1,335	2,498	2,151	732	989	857	800	1,115	737	683	727	556
Amortization of external capital contributions	5,393	6,086	5,136	1,032	1,273	1,036	1,148	1,050	1,047	2,652	2,392	2,266
TOTAL REVENUE	102,786	104,938	93,920	26,033	27,815	25,612	23,293	24,751	22,507	35,627	36,425	33,910
EXPENSE												
Facility-based inpatient acute services	23,827	23,932	21,847	4,805	5,118	4,717	4,074	4,082	3,412	9,031	8,575	7,861
Facility-based emergency and outpatient services	6,514	6,652	5,788	803	944	836	1,911	2,132	2,067	3,143	3,264	2,748
Facility-based continuing care services	8,824	8,567	7,875	3,649	3,803	3,736	1,436	1,649	1,116	1,439	1,488	1,332
Community & home based services	5,955	5,941	5,521	1,527	1,678	1,434	1,332	1,282	1,127	1,248	1,200	955
Diagnostic & therapeutic services	17,808	18,353	16,664	4,346	4,751	4,166	3,556	3,666	3,179	7,314	7,496	6,573
Promotion, prevention and protection services	4,658	4,055	3,359	1,732	1,841	1,578	1,995	1,800	1,831	1,962	1,952	1,750
Research & education	78	4	78	44	12	61	-	-	-	-	-	-
Administration	6,555	7,470	5,538	1,718	1,818	1,704	1,387	1,445	1,290	2,075	2,779	1,989
Information technology and we//net	1,652	1,979	1,747	318	708	347	395	742	263	788	887	696
Y2K remedial costs	-	234	1,180	-	-	213	-	53	350	-	17	622
Support services	19,602	20,733	19,214	5,834	6,351	5,740	6,351	6,709	6,102	6,495	6,794	5,935
Amortization of facilities and improvements	4,396	4,788	4,187	1,032	751	762	849	884	847	1,903	1,844	1,770
Capital assets write-down	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENSE	99,869	102,708	92,998	25,808	27,775	25,294	23,286	24,444	21,584	35,398	36,296	32,231
Excess (deficiency) of revenue over expense	2,917	2,230	922	225	40	318	7	307	923	229	129	1,679

TABLE II

HEALTH AUTHORITY FINANCIAL SUMMARY
STATEMENT OF OPERATIONS
FOR THE FISCAL YEAR 2000/2001 ENDED MARCH 31, 2001

(Thousands of dollars)

	NORTHWESTERN			ALBERTA MENTAL HEALTH BOARD			ALBERTA CANCER BOARD			HEALTH AUTHORITY TOTAL		
	2000/01 BUDGET	2000/01 ACTUAL	1999/00 ACTUAL	2000/01 BUDGET	2000/01 ACTUAL	1999/00 ACTUAL	2000/01 BUDGET	2000/01 ACTUAL	1999/00 ACTUAL	2000/01 BUDGET	2000/01 ACTUAL	1999/00 ACTUAL
REVENUE												
Alberta Health and Wellness contributions	15,417	15,486	14,731	203,553	203,578	173,855	116,502	116,047	88,774	3,623,623	3,645,462	3,392,541
Other government contributions	730	610	492	6,031	9,753	5,932	393	5,214	443	59,062	76,544	52,357
Fees and charges	307	334	256	2,940	2,948	3,270	2,300	1,737	2,243	272,312	281,119	276,798
Ancillary operations, net	-	(40)	(10)	(31)	(103)	(539)	244	150	157	15,315	14,573	15,901
Donations	3	8	5	21	29	49	2,082	1,687	1,337	9,718	10,769	10,556
Investment and other income	220	233	198	3,186	5,476	3,724	13,340	19,332	16,132	116,924	154,951	126,135
Amortization of external capital contributions	1,100	1,222	1,179	3,823	3,120	3,396	10,094	10,104	9,515	146,935	135,895	125,799
TOTAL REVENUE	17,777	17,853	16,851	219,523	224,801	189,687	144,955	154,271	118,601	4,243,889	4,319,333	4,000,087
EXPENSE												
Facility-based inpatient acute services	4,101	4,251	3,705	53,138	53,127	46,974	11,192	10,129	10,629	1,031,226	1,041,766	918,735
Facility-based emergency and outpatient services	343	351	306	8,112	7,537	7,005	31,375	34,802	26,262	365,003	372,270	313,557
Facility-based continuing care services	1,258	1,426	693	5,501	15,600	14,323	-	-	-	503,733	521,831	490,303
Community & home based services	2,300	2,221	1,953	82,111	72,781	54,062	13,340	13,598	10,025	349,111	328,855	263,976
Diagnostic & therapeutic services	2,170	2,292	1,755	14,721	17,359	16,403	37,133	37,426	30,266	795,356	797,462	708,809
Promotion, prevention and protection services	1,268	1,239	788	3,023	2,919	3,131	5,799	5,668	5,216	120,893	122,245	109,061
Research & education	79	116	146	490	675	305	16,065	17,210	14,756	101,695	101,901	94,254
Administration	1,285	1,406	1,442	12,225	12,654	10,486	4,564	4,549	4,001	180,030	176,763	158,764
Information technology and we//net	332	325	258	4,414	5,905	4,772	2,900	3,730	2,716	82,265	104,143	83,608
Y2K remedial costs	-	6	241	-	-	445	-	-	880	790	842	20,561
Support services	3,164	3,360	2,821	27,457	29,588	26,916	14,828	16,252	13,241	609,303	627,668	562,563
Amortization of facilities and improvements	800	860	501	3,347	1,807	2,403	4,965	4,906	4,881	87,436	83,725	82,952
Capital assets write-down	-	-	278	-	-	-	-	-	-	-	-	278
TOTAL EXPENSE	17,100	17,853	14,887	214,539	219,952	187,225	142,161	148,270	122,873	4,226,841	4,279,471	3,807,421
Excess (deficiency) of revenue over expense	677	-	1,964	4,984	4,849	2,462	2,794	6,001	(4,272)	17,048	39,862	192,666

TABLE III

HEALTH AUTHORITY SUMMARY
STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CASH FLOWS
MARCH 31, 2001

(Thousands of dollars)

	CHINOOK	PALLISER	HEADWATERS	CALGARY	HEALTH AUTHORITY 5	DAVID THOMPSON	EAST CENTRAL	WESTVIEW	CROSSROADS	CAPITAL HEALTH	ASPEN
ASSETS											
Cash and temporary investments	19,952	12,855	5,610	139,514	6,999	36,830	17,845	6,322	9,285	128,225	10,792
Accounts receivable	3,678	1,592	754	25,722	227	3,095	2,346	1,270	448	25,256	892
Contributions receivable	2,649	1,687	39	7,950	612	1,870	102	1,165	49	9,757	1,763
Inventories	1,542	755	822	12,303	521	2,774	529	646	758	10,885	540
Prepaid expenses	641	275	353	3,932	237	772	-	671	230	34,655	506
Current Assets	28,462	17,164	7,578	189,421	8,596	45,341	20,822	10,074	10,770	208,778	14,493
Non-current cash and investments	17,294	19,359	2,562	81,304	12,697	5,421	4,985	1,599	552	105,037	9,576
Capital assets	186,618	75,388	33,940	575,060	53,896	107,882	77,418	49,553	38,075	743,422	54,205
Other assets	454	-	683	64,338	-	2,334	-	-	891	19,415	-
TOTAL ASSETS	232,828	111,911	44,763	910,123	75,189	160,978	103,225	61,226	50,288	1,076,652	78,274
LIABILITIES, NET ASSETS AND ENDOWMENTS											
Accounts payable	10,413	7,496	3,143	83,461	3,180	12,018	8,031	4,422	6,387	101,836	4,505
Accrued vacation pay	7,473	4,637	2,464	43,982	2,126	8,152	4,107	1,939	2,030	40,821	2,962
Current deferred contributions	3,278	6,377	1,387	17,392	848	3,042	703	1,791	949	62,979	2,705
Current portion of long term debt	143	-	-	236	-	178	-	-	-	2,444	-
Current Liabilities	21,307	18,510	6,994	145,071	6,154	23,390	12,841	8,152	9,366	208,080	10,172
Non-current deferred contributions	3,943	-	-	33,941	-	3,285	907	-	-	16,701	-
Deferred capital contributions	5,479	-	1,878	108,757	8,973	4,126	4,078	1,599	1,075	77,667	1,617
Long-term debt	745	-	-	252	-	752	-	-	-	12,059	-
Unamortized external capital contributions	176,311	69,783	28,499	484,808	51,278	93,834	73,634	44,493	34,774	653,928	48,803
Other liabilities	-	-	-	13,707	-	-	-	-	-	8,594	-
TOTAL LIABILITIES	207,785	88,293	37,371	786,536	66,405	125,387	91,460	54,244	45,215	977,029	60,592
NET ASSETS AND ENDOWMENTS											
Unrestricted	10,194	3,184	113	31,373	1,803	1,628	7,981	1,922	1,442	129	4,363
Internally restricted	5,280	14,829	1,838	2,450	4,363	21,270	-	-	330	34,128	7,917
Investment in capital assets	9,419	5,605	5,441	89,764	2,618	12,693	3,784	5,060	3,301	65,366	5,402
Endowments	150	-	-	-	-	-	-	-	-	-	-
TOTAL NET ASSETS AND ENDOWMENTS	25,043	23,618	7,392	123,587	8,784	35,591	11,765	6,982	5,073	99,623	17,682
TOTAL LIABILITIES, NET ASSETS AND ENDOWMENTS	232,828	111,911	44,763	910,123	75,189	160,978	103,225	61,226	50,288	1,076,652	78,274

CASH FLOWS

	CHINOOK	PALLISER	HEADWATERS	CALGARY	HEALTH AUTHORITY 5	DAVID THOMPSON	EAST CENTRAL	WESTVIEW	CROSSROADS	CAPITAL HEALTH	ASPEN
Cash generated from (used by) operating activities	9,690	8,029	1,680	76,658	3,475	10,440	2,369	(253)	4,560	26,368	2,942
Cash generated from (used by) investing activities	(8,639)	(10,459)	(1,858)	(108,124)	(17,570)	(5,555)	(5,621)	(14,272)	(1,622)	(109,509)	(4,616)
Cash generated from (used by) financing activities	4,366	3,944	1,019	49,189	15,598	2,700	4,548	12,641	265	93,435	2,759
Increase (decrease) in cash and cash equivalent	5,417	1,514	841	17,723	1,503	7,585	1,296	(1,884)	3,203	10,294	1,085
Cash and cash equivalent, beginning of year	14,535	11,341	4,769	121,791	5,496	29,245	16,549	8,206	6,082	117,931	9,707
Cash and cash equivalent, end of year	19,952	12,855	5,610	139,514	6,999	36,830	17,845	6,322	9,285	128,225	10,792
Non-current cash and investments, end of year	17,294	19,359	2,562	81,304	12,697	5,421	4,985	1,599	552	105,037	9,576
Total cash, cash equivalent and non-current investments, end of year	37,246	32,214	8,172	220,818	19,696	42,251	22,830	7,921	9,837	233,262	20,368

TABLE III

HEALTH AUTHORITY SUMMARY
STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CASH FLOWS

MARCH 31, 2001

(Thousands of dollars)

	LAKELAND	MISTAHIA	PEACE	KEEWEETINOK LAKES	NORTHERN LIGHTS	NORTHWESTERN	ALBERTA MENTAL HEALTH BOARD	ALBERTA CANCER BOARD	TOTAL OF ALL HEALTH AUTHORITIES 2001	TOTAL OF ALL HEALTH AUTHORITIES 2000
ASSETS										
Cash and temporary investments	9,416	10,509	4,337	1,586	3,622	3,520	44,981	11,029	483,229	434,141
Accounts receivable	890	1,565	435	759	1,109	138	3,558	4,656	78,390	73,863
Contributions receivable	1,445	515	336	350	-	325	465	10,526	41,605	42,352
Inventories	853	633	170	235	335	206	790	3,542	38,839	36,164
Prepaid expenses	332	737	73	68	240	113	601	652	45,088	28,408
Current Assets	12,936	13,959	5,351	2,998	5,306	4,302	50,395	30,405	687,151	614,928
Non-current cash and investments	5,852	5,115	11,342	7,085	1,703	2,673	10,688	30,760	335,604	207,681
Capital assets	63,042	119,645	43,717	29,925	29,651	18,487	63,839	126,547	2,490,310	2,420,697
Other assets		1,337	236	-	1,235	-	43,822	-	134,745	87,319
TOTAL ASSETS	81,830	140,056	60,646	40,008	37,895	25,462	168,744	187,712	3,647,810	3,330,625
LIABILITIES, NET ASSETS AND ENDOWMENTS										
Accounts payable	7,337	7,412	2,804	919	2,414	1,015	17,884	17,558	302,235	260,304
Accrued vacation pay	3,699	4,111	1,304	897	1,320	529	8,844	3,908	145,305	124,068
Current deferred contributions	1,382	733	49	1,231	168	238	3,558	11,937	120,747	103,735
Current portion of long term debt	49	-	-	-	-	6	-	-	3,056	5,813
Current Liabilities	12,467	12,256	4,157	3,047	3,902	1,788	30,286	33,403	571,343	493,920
Non-current deferred contributions	-	-	155	-	8	-	-	-	58,940	60,225
Deferred capital contributions	1,768	4,576	9,137	1,408	2,682	2,673	46,887	11,583	295,963	122,249
Long-term debt	36	-	-	-	-	-	-	-	13,844	18,412
Unamortized external capital contributions	56,563	114,160	41,212	26,813	28,145	16,505	53,533	113,523	2,210,599	2,179,421
Other liabilities	-	-	-	-	-	-	-	-	22,301	21,446
TOTAL LIABILITIES	70,834	130,992	54,661	31,268	34,737	20,966	130,706	158,509	3,172,990	2,895,673
NET ASSETS AND ENDOWMENTS										
Unrestricted	4,602	394	1,430	4,250	1,652	-	20,257	9,676	106,393	100,342
Internally restricted	-	3,185	2,050	1,378	-	2,520	7,475	6,503	115,516	125,904
Investment in capital assets	6,394	5,485	2,505	3,112	1,506	1,976	10,306	13,024	252,761	208,556
Endowments	-	-	-	-	-	-	-	-	150	150
TOTAL NET ASSETS AND ENDOWMENTS	10,996	9,064	5,985	8,740	3,158	4,496	38,038	29,203	474,820	434,952
TOTAL LIABILITIES, NET ASSETS AND ENDOWMENTS	81,830	140,056	60,646	40,008	37,895	25,462	168,744	187,712	3,647,810	3,330,625
CASH FLOWS										
Cash generated from (used by) operating activities	3,272	4,986	3,560	719	930	138	12,288	2,818	174,669	189,444
Cash generated from (used by) investing activities	(8,912)	(12,385)	(14,769)	(6,693)	(2,342)	(3,766)	(59,242)	(24,931)	(420,885)	(327,567)
Cash generated from (used by) financing activities	1,456	9,732	14,228	872	1,689	2,745	59,230	14,888	295,304	216,592
Increase (decrease) in cash and cash equivalent	(4,184)	2,333	3,019	(5,102)	277	(883)	12,276	(7,225)	49,088	78,469
Cash and cash equivalent, beginning of year	13,600	8,176	1,318	6,688	3,345	4,403	32,705	18,254	434,141	355,672
Cash and cash equivalent, end of year	9,416	10,509	4,337	1,586	3,622	3,520	44,981	11,029	483,229	434,141
Non-current cash and investments, end of year	5,852	5,115	11,342	7,085	1,703	2,673	10,688	30,760	335,604	207,681
Total cash, cash equivalent and non-current investments, end of year	15,268	15,624	15,679	8,671	5,325	6,193	55,669	41,789	818,833	641,822

HEALTH AUTHORITY SUMMARY OF OTHER FINANCIAL INFORMATION
MARCH 31, 2001
(Thousands of dollars)

TABLE IV

	CHINOOK	PALLISER	HEADWATERS	CALGARY	HEALTH AUTHORITY 5	DAVID THOMPSON	EAST CENTRAL	WESTVIEW	CROSSROADS	CAPITAL HEALTH	ASPEN
I. ADMINISTRATION COST AS A % OF TOTAL EXPENSES *excludes information technology and we//net*	4.6%	4.6%	6.1%	4.1%	4.8%	4.6%	6.7%	6.3%	6.0%	2.8%	6.0%
II. WORKING CAPITAL											
Current Assets	28,462	17,164	7,578	189,421	8,596	45,341	20,822	10,074	10,770	208,778	14,493
Current Liabilities	21,307	18,510	6,994	145,071	6,154	23,390	12,841	8,152	9,366	208,080	10,172
WORKING CAPITAL RATIO	1.34	0.93	1.08	1.31	1.40	1.94	1.62	1.24	1.15	1.00	1.42
III. ALBERTA HEALTH AND WELLNESS FUNDING COVERAGE RATIO	87.1%	82.9%	78.5%	84.9%	89.5%	89.2%	86.3%	82.8%	86.8%	84.7%	83.2%
IV. AVERAGE REMAINING USEFUL LIFE OF CAPITAL EQUIPMENT IN YEARS	3.6	3.8	5.4	4.7	4.4	5.7	4.5	4.7	2.8	4.3	3.8
V. CAPITAL INVESTMENTS DURING THE YEAR											
Funded from internal resources											
Equipment	3,241	1,499	1,208	20,493	648	1,742	1,076	1,606	964	26,397	1,256
Facilities and Improvements	-	-	-	2,299		-	-	-	-	-	-
	3,241	1,499	1,208	22,792	648	1,742	1,076	1,606	964	26,397	1,256
Funded by external parties											
Equipment	2,002	2,371	514	22,316	273	1,657	886	2,551	265	10,211	769
Facilities and Improvements	3,003	1,573	22	7,202	13,926	2,372	-	8,965	-	29,176	2,301
Land	-	-	-	-	-	-	-	-	-	-	-
	5,005	3,944	536	29,518	14,199	4,029	886	11,516	265	39,387	3,070
Total Capital Investments during the year	8,246	5,443	1,744	52,310	14,847	5,771	1,962	13,122	1,229	65,784	4,326

HEALTH AUTHORITY SUMMARY OF OTHER FINANCIAL INFORMATION
MARCH 31, 2001

TABLE IV

	LAKELAND	MISTAHIA	PEACE	KEEWEETINOK LAKES	NORTHERN LIGHTS	NORTHWESTERN	ALBERTA MENTAL HEALTH BOARD	ALBERTA CANCER BOARD	ALL HEALTH AUTHORITIES 2001	ALL HEALTH AUTHORITIES 2000
I. ADMINISTRATION COST AS A % OF TOTAL EXPENSES *excludes information technology and wellnet*	4.3%	7.3%	6.5%	5.9%	7.7%	7.9%	5.8%	3.1%	4.1%	4.2%
II. WORKING CAPITAL										
Current Assets	12,936	13,959	5,351	2,998	5,306	4,302	50,395	30,405	687,151	614,928
Current Liabilities	12,467	12,256	4,157	3,047	3,902	1,788	30,286	33,403	571,343	493,920
WORKING CAPITAL RATIO	1.04	1.14	1.29	0.98	1.36	2.41	1.66	0.91	1.20	1.24
III. ALBERTA HEALTH AND WELLNESS FUNDING COVERAGE RATIO	84.5%	85.1%	85.2%	81.6%	82.4%	86.7%	92.6%	78.3%	85.2%	89.1%
IV. AVERAGE REMAINING USEFUL LIFE OF CAPITAL EQUIPMENT IN YEARS	4.8	4.4	4.8	3.1	4.1	3.4	3.6	6.2	4.6	5.2
V. CAPITAL INVESTMENTS DURING THE YEAR										
Funded from internal resources										
Equipment	2,140	2,301	545	1,232	405	1,011	1,327	5,394	74,485	38,975
Facilities and Improvements	-	6	-	-	-	-	-	-	2,305	4,280
	2,140	2,307	545	1,232	405	1,011	1,327	5,394	76,790	43,255
Funded by external parties										
Equipment	1,789	5,774	4,475	81	624	608	1,184	12,007	70,357	137,735
Facilities and Improvements	860	4,972	8,343	146	1,967	1,854	11,712	1,711	100,105	135,120
Land	-	-	-	-	30	-	-	-	30	-
	2,649	10,746	12,818	227	2,621	2,462	12,896	13,718	170,492	272,855
Total Capital Investments during the year	4,789	13,053	13,363	1,459	3,026	3,473	14,223	19,112	247,282	316,110

Government Organization Changes: effective April 1, 2001

Ministry	Program/Entity Changes	Previous Location	New Location
Aboriginal Affairs and Northern Development (new)	• Aboriginal Affairs	International and Intergovernmental Relations	
	• Northern Alberta Development Council • Western Economic Partnership Agreement	Energy (formerly Resource Development)	
Agriculture, Food and Rural Development	• except Public Lands (includes land mgmt & grazing) • except Surface Rights and Land Compensation Board		Sustainable Resource Development (new)
Children's Services	• no change		
Community Development	• except seniors • except seniors' Housing • except Alberta Social Housing Corporation		Seniors (new)
	• except Alberta Order of Excellence		Executive Council
	• Persons with Developmental Disabilities Boards and Foundation • Michener Centre • Premier's Council on the Status of Persons with Disabilities	Health & Wellness	
	• Parks and Protected Areas	Environment	
Economic Development	• no change		
Energy (formerly Resource Development)	• except Forest Industry Development		Sustainable Resource Development (new)
	• except Northern Alberta Development Council • except Western Economic Partnership Agreement		Aboriginal Affairs and Northern Development (new)
Environment	• except Parks and Protected Areas		Community Development
	• except Land and Forest Service • except Fisheries and Wildlife Management • except Natural Resources Conservation Board • except Environmental Protection & Enhancement Fund (except Forest Development Research program)		Sustainable Resource Development (new)
	• except small water capital		Transportation (new)
	• except Forest Development Research program (formerly part of EPEF)		Innovation & Science

Ministry	Program/Entity Changes	Previous Location	New Location
Executive Council	• except Alberta Corporate Service Centre		Government Services
	• Alberta Order of Excellence	Community Development	
Finance (formerly part of Treasury)	• Financial Management and Planning	Treasury	Finance
	• except Alberta Securities Commission		Revenue
	• except Medical Research Endowment Fund		Revenue
	• except Heritage Savings Trust Fund		Revenue
	• except Heritage Scholarship Fund		Revenue
	• except Risk Management Fund		Revenue
Gaming	• no change		
Government Services	• Information Management and Privacy	Municipal Affairs	
	• Records Management	Innovation & Science	
	• Alberta Corporate Service Centre	Executive Council	
Health and Wellness	• except Persons with Developmental Disabilities Boards and Foundation		Community Development
	• except Michener Centre		
	• except Premier's Council on the Status of Persons with Disabilities		
	• except Healthy Aging Partnership Initiative		Seniors (new)
Human Resources and Employment	• no change		
Infrastructure	• except National Infrastructure Program		Transportation (new)
	• except Roads and Public Transportation (including water infrastructure)		
	• except Transportation Engineering (including highways)		
	• except surplus land		
	• except Transportation Safety Board		
Innovation and Science	• except Records Management		Government Services
	• Forest Development Research Program (formerly part of EPEF)	Environment	
International and Intergovernmental Relations	• except Aboriginal Affairs		Aboriginal Affairs and Northern Development (new)
Justice	• except Policing and Correctional Services		Solicitor General (new)
	• except Victims of Crime Fund		
Learning	• no change		
Municipal Affairs	• except Information Management and Privacy		Government Services

Ministry	Program/Entity Changes	Previous Location	New Location
Revenue (formerly part of Treasury)	• Tax and Revenue Administration • Investment Management Division • Alberta Securities Commission • Medical Research Endowment Fund • Heritage Savings Trust Fund • Risk Management Fund • Heritage Scholarship Fund	Treasury	Revenue (new)
Seniors (new)	• Seniors • Seniors' Housing Corporation • Alberta Social Housing Corporation	Community Development	
	• Healthy Aging Partnership Initiative	Health & Wellness	
Solicitor General (new)	• Policing and Correctional Services • Victims of Crime Fund	Justice	
Sustainable Resource Development (new)	• Public Lands(includes land mgmt & grazing) • Surface Rights & Land Compensation Boards	Agriculture, Food, and Rural Development	
	• Land and Forest Service • Fisheries and Wildlife Management • Natural Resources Conservation Board • Environmental Protection & Enhancement Fund (except Forest Development Research Program)	Environment	
	• Forest Industry Development	Energy (formerly Resource Development)	
Transportation (new)	• Roads and Public Transportation (including water infrastructure) • Transportation Engineering (including highways) • Transportation Safety Board • surplus land • National Infrastructure Program	Infrastructure	
	• small water capital	Environment	

Index of All Government Entities

ENTITIES INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

Ministry, Department, Fund or Agency	Ministry Annual Report
Agriculture Financial Services Corporation	Agriculture, Food and Rural Development
Alberta Alcohol and Drug Abuse Commission	Health and Wellness
Alberta Dairy Control Board	Agriculture, Food and Rural Development
Alberta Energy and Utilities Board	Resource Development
Alberta Foundation for the Arts	Community Development
Alberta Gaming and Liquor Commission	Gaming
Alberta Government Telephones Commission, The	Treasury
Alberta Heritage Foundation for Medical Research Endowment Fund	Treasury
Alberta Heritage Savings Trust Fund	Treasury
Alberta Heritage Scholarship Fund	Treasury
Alberta Heritage Science and Engineering Research Endowment Fund	Treasury
Alberta Historical Resources Foundation, The	Community Development
iCORE Inc. (Informatics Circle of Research Excellence Inc.)	Innovation and Science
Alberta Insurance Council	Treasury
Alberta Municipal Financing Corporation	Treasury
Alberta Opportunity Company	Agriculture, Food and Rural Development
Alberta Pensions Administration Corporation	Treasury
Alberta Petroleum Marketing Commission	Resource Development
Alberta Research Council Inc.	Innovation and Science
Alberta Risk Management Fund	Treasury
Alberta School Foundation Fund	Learning
Alberta Science and Research Authority	Innovation and Science
Alberta Securities Commission	Treasury
Alberta Social Housing Corporation	Community Development
Alberta Sport, Recreation, Parks and Wildlife Foundation	Community Development
Alberta Treasury Branches	Treasury
ATB Investment Services Inc.	Treasury
Child and Family Services Authorities:	Children's Services
Awasak Child and Family Services Authority	
Calgary Rocky View Child and Family Services Authority	
Child and Family Services Authority Region 13	
Child and Family Services Authority Region 14	
Diamond Willow Child and Family Services Authority	
Hearthstone Child and Family Services Authority	
Keystone Child and Family Services Authority	
Ma' Mowe Capital Region Child and Family Services Authority	
Metis Settlements Child and Family Services Authority	
Neegan Awas'sak Child and Family Services Authority	
Ribstone Child and Family Services Authority	
Sakaigun Asky Child and Family Services Authority	
Sakaw-Askiy Child and Family Services Authority	
Silver Birch Child and Family Services Authority	

Ministry, Department, Fund or Agency	Ministry Annual Report
Southeast Alberta Child and Family Services Authority	
Sun Country Child and Family Services Authority	
West Yellowhead Child and Family Services Authority	
Windsong Child and Family Services Authority	
Credit Union Deposit Guarantee Corporation	Treasury
Crop Reinsurance Fund of Alberta	Agriculture, Food and Rural Development
Department of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Department of Children's Services	Children's Services
Department of Community Development	Community Development
Department of Environment	Environment
Department of Gaming	Gaming
Department of Health and Wellness	Health and Wellness
Department of Innovation and Science	Innovation and Science
Department of Justice	Justice
Department of Learning	Learning
Department of Resource Development	Resource Development
Department of Treasury	Treasury
Environmental Protection and Enhancement Fund	Environment
Gainers Inc.	Treasury
Government House Foundation, The	Community Development
Historic Resources Fund	Community Development
Human Rights, Citizenship and Multiculturalism Education Fund	Community Development
Lottery Fund	Gaming
Ministry of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Ministry of Children's Services	Children's Services
Ministry of Community Development	Community Development
Ministry of Economic Development	Economic Development
Ministry of Environment	Environment
Ministry of Executive Council	Executive Council
Ministry of Gaming	Gaming
Ministry of Government Services	Government Services
Ministry of Health and Wellness	Health and Wellness
Ministry of Human Resources and Employment	Human Resources and Employment
Ministry of Infrastructure	Infrastructure
Ministry of Innovation and Science	Innovation and Science
Ministry of International and Intergovernmental Relations	International and Intergovernmental Relations
Ministry of Justice	Justice
Ministry of Learning	Learning
Ministry of Municipal Affairs	Municipal Affairs
Ministry of Resource Development	Resource Development
Ministry of Treasury	Treasury
N.A. Properties (1994) Ltd.	Treasury
Natural Resources Conservation Board	Environment

Ministry, Department, Fund or Agency	Ministry Annual Report
Persons with Developmental Disabilities Community Boards	
Calgary Community Board	Health and Wellness
Central Community Board	Health and Wellness
Edmonton Community Board	Health and Wellness
Northeast Community Board	Health and Wellness
Northwest Community Board	Health and Wellness
South Community Board	Health and Wellness
Persons with Developmental Disabilities Foundation	Health and Wellness
Persons with Developmental Disabilities Michener Centre Facility Board	Health and Wellness
Persons with Developmental Disabilities Provincial Board	Health and Wellness
S C Financial Ltd.	Treasury
Supplementary Retirement Plan Reserve Fund	Treasury
Victims of Crime Fund	Justice
Wild Rose Foundation, The	Community Development

ENTITIES NOT INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

Fund or Agency	Ministry Annual Report
Alberta Cancer Board	Health and Wellness
Alberta Foundation for Health Research	Innovation and Science
Alberta Heritage Foundation for Medical Research	Innovation and Science
Alberta Heritage Foundation for Science and Engineering Research	Treasury
Alberta Mental Health Board	Health and Wellness
Alberta Teachers' Retirement Fund Board	Learning
Improvement Districts' Trust Account	Municipal Affairs
Local Authorities Pension Plan	Treasury
Long-Term Disability Income Continuance Plan -Bargaining Unit	Human Resources and Employment
Long-Term Disability Income Continuance Plan -Management, Opted Out and Excluded	Human Resources and Employment
Management Employees Pension Plan	Treasury
Provincial Judges and Masters in Chambers Pension Plan	Treasury
Public Post Secondary Institutions	Learning
Public Service Management (Closed Membership) Pension Plan	Treasury
Public Service Pension Plan	Treasury
Regional Health Authorities	Health and Wellness
School Boards	Learning
Special Areas Trust Account, The	Municipal Affairs
Special Forces Pension Plan	Treasury
Supplementary Retirement Plan for Public Service Managers	Treasury
Universities Academic Pension Plan	Treasury
Workers' Compensation Board	Human Resources and Employment

SECTION

2

Alberta Ministry of Health and Wellness

Annual Report 2000/2001

Section II

Alberta
HEALTH AND WELLNESS

For further information

For additional copies of this document or Section I, contact:

Alberta Health and Wellness
Communications
22nd floor, 10025 Jasper Avenue
Edmonton, Alberta T5J 2N3
Phone: (780) 427-7164
Fax: (780) 427-1171
E-mail: ahinform@health.gov.ab.ca

For research or technical inquiries on the financial information in this document, contact:

Alberta Health and Wellness
External Financial Reporting
(for Health Authorities' financial statements)
16th floor, 10025 Jasper Avenue
Edmonton, Alberta T5J 2N3
Phone: (780) 427-0826
Fax: (780) 427-1643

ISSN 1492-8884

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Contact list:
Financial Information for Regional Health Authorities and Provincial Health Boards

For further financial information regarding the regional health authorities or provincial health boards, please contact:

1.	Chinook Regional Health Authority	(403) 382-6019
2.	Palliser Health Authority	(403) 529-8058
3.	Headwaters Health Authority	(403) 601-8330
4.	Calgary Regional Health Authority	(403) 541-3677
5.	Regional Health Authority 5	(403) 823-5245
6.	David Thompson Regional Health Authority	(403) 341-8622
7.	East Central Health Authority	(403) 608-8820
8.	WestView Regional Health Authority	(780) 968-3221
9.	Crossroads Regional Health Authority	(780) 352-3766
10.	Capital Health Authority	(780) 407-1010
11.	Aspen Regional Health Authority #11	(780) 349-8705
12.	Lakeland Regional Health Authority	(780) 656-2030 1-800-815-8683
13.	Mistahia Regional Health Authority	1-800-732-8981
14.	Peace Regional Health Region	(780) 618-4500
15.	Keeweetinok Lakes Regional Health Authority #15	(780) 523-6641
16.	Northern Lights Regional Health Authority	(780) 791-6018
17.	Northwestern Regional Health Authority	(780) 926-4388
18.	Alberta Mental Health Board	(780) 422-2233
19.	Alberta Cancer Board	(780) 412-6328

Chinook Regional Health Authority

Financial Statements

March 31, 2001

CHINOOK REGIONAL HEALTH AUTHORITY

FINANCIAL STATEMENTS

MARCH 31, 2001

Auditor's Report

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AUDITOR
GENERAL
Alberta

AUDITOR'S REPORT

To the Members of the Chinook Regional Health Authority
and the Minister of Health and Wellness

I have audited the statement of financial position of the Chinook Regional Health Authority ("the Authority") as at March 31, 2001, and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Authority has recorded a long-term care facility that does not meet the definition of a capital asset because it is not owned or controlled by the Authority. The effect of this departure from Canadian generally accepted accounting principles is to overstate capital assets and unamortized external capital contributions by $27.3 million as at March 31, 2001. Since the Authority accounts for all costs and revenues related to services carried out for which it is responsible, the incorrect recording of the asset in question has no effect on total expenses and revenues.

In my opinion, except for the effect of the matter discussed in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2001 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Peter Valentine FCA
Auditor General

Edmonton, Alberta
June 8, 2001

CHINOOK REGIONAL HEALTH AUTHORITY

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

FINANCIAL STATEMENTS

MARCH 31, 2001

The accompanying financial statements are the responsibility of management and have been approved by the Authority. The financial statements were prepared in accordance with Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgements.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority has established a code of ethics and corporate directives, which require communication of the code to employees.

The Authority members carry out their responsibility for the financial statements through the Finance Committee. This Committee meets with management and the external auditor, the Auditor General of Alberta, to discuss and review financial matters, and recommends the financial statements to the Chinook Regional Health Authority Board for approval. The external auditor has full and free access to the Finance Committee.

The external auditor, the Auditor General of Alberta, provides an independent audit of the financial statements. Their examination is conducted in accordance with Generally Accepted Auditing Standards and includes tests and other procedures, which allow them to report on the fairness of the financial statements prepared by management.

June 8, 2001 Senior Vice President
for Chief Executive Officer

June 8, 2001
Vice President, Finance and Administration

CHINOOK REGIONAL HEALTH AUTHORITY
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2001
(thousands of dollars)

	2001	2000 (as restated Note 3)
ASSETS		
Current:		
Cash and investments (Note 4)	$ 19,952	$ 14,535
Accounts receivable (Note 5)	6,327	7,112
Inventories	1,542	1,369
Prepaid expenses	641	475
	28,462	23,491
Non-current cash and investments (Note 4)	17,294	16,391
Capital assets (Note 6)	186,618	188,968
Other assets (Note 7)	454	5
TOTAL ASSETS	$ 232,828	$ 228,855
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable and accrued liabilities	10,413	11,145
Accrued vacation pay	7,473	6,922
Deferred contributions (Note 8)	3,278	2,614
Current portion of long-term debt (Note 10)	143	131
	21,307	20,812
Deferred contributions (Note 8)	3,943	3,727
Deferred capital contributions (Note 9)	5,479	3,282
Long-term debt (Note 10)	745	744
Unamortized external capital contributions (Note 11)	176,311	180,062
	186,478	187,815
Net assets:		
Unrestricted	10,194	7,965
Internally restricted (Note 12)	5,280	4,082
Investment in capital assets	9,419	8,031
Operating net assets	24,893	20,078
Endowments	150	150
	25,043	20,228
TOTAL LIABILITIES AND NET ASSETS	$ 232,828	$ 228,855

The accompanying notes and schedules are part of these financial statements.

CHINOOK REGIONAL HEALTH AUTHORITY
STATEMENT OF OPERATIONS
MARCH 31, 2001
(thousands of dollars)

	2001		2000
	Budget (Note 13)	Actual	Actual (as restated Note 3)
Revenue			
Alberta Health and Wellness contributions (Note 14)	$ 167,497	$ 168,108	$ 152,248
Other government contributions (Note 15)	2,282	2,214	2,222
Fees and charges	12,460	12,842	12,660
Ancillary operations, net (Note 16)	475	571	498
Donations	151	280	313
Investment and other income (Note 17)	3,216	5,402	3,241
Amortization of external capital contributions (Note 11)	8,696	8,305	7,427
TOTAL REVENUE	$ 194,777	$ 197,722	$ 178,609
Expenses (Schedule 1)			
Facility-based inpatient acute services	46,821	47,327	43,599
Facility-based emergency and outpatient services	10,410	10,796	9,406
Facility-based continuing care services	26,645	27,599	25,240
Community and home based services	12,517	11,937	9,426
Diagnostic and therapeutic services	35,233	35,184	32,038
Promotion, prevention and protection services	6,771	7,178	5,838
Administration (Note 18)	8,537	8,931	8,015
Information technology and we//net (Note 19)	4,246	3,344	3,144
Y2K remedial costs	20	20	637
Support services (Note 20)	32,183	33,873	31,772
Amortization of facilities and improvements	7,081	6,718	5,912
TOTAL EXPENSES	$ 190,464	$ 192,907	$ 175,027
Excess of revenue over expenses	$ 4,313	$ 4,815	$ 3,582

CHINOOK REGIONAL HEALTH AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
MARCH 31, 2001
(thousands of dollars)

	2001						2000
	Operating						
	Unrestricted	Internally Restricted	Invested in Capital Assets	Total Operating	Endowments	Total	Total (as restated Note 3)
Excess of revenue over expenses	$ 4,815	$ -	$ -	$ 4,815	$ -	$ 4,815	$ 3,582
Capital assets purchased with internal funds	-	(3,241)	3,241	-	-	-	-
Amortization on internally funded capital assets	2,001	-	(2,001)	-	-	-	-
Repayment of long-term debt used to fund capital assets	(148)	-	148	-	-	-	-
Net change	6,668	(3,241)	1,388	4,815	-	4,815	3,582
Transfer to internally restricted	(4,439)	4,439	-	-	-	-	-
Balance at beginning of year	7,965	4,082	8,031	20,078	150	20,228	16,646
Balance at end of year	$10,194	$ 5,280	$ 9,419	$ 24,893	$ 150	$ 25,043	$ 20,228

CHINOOK REGIONAL HEALTH AUTHORITY
STATEMENT OF CASH FLOWS
MARCH 31, 2001
(thousands of dollars)

	2001		2000
	Budget	Actual	Actual (as restated Note 3)
Cash generated from (used by):			
Operating activities			
Excess of revenue over expenses	$ 4,313	$ 4,815	$ 3,582
Non-cash transactions:			
Amortization of capital equipment - internally funded	2,800	1,843	1,616
- externally funded	1,306	1,719	1,573
Amortization of facilities and improvements	7,123	6,682	5,930
Amortization of external capital contributions	(8,700)	(8,305)	(7,430)
Gain on disposal of capital equipment	-	(195)	(82)
Loss on disposal of facilities and improvements	-	36	24
	6,841	6,595	5,213
Change in non-cash working capital account (Note 21)	(14)	3,095	(4,518)
Cash generated from operations	6,827	9,690	695
Investing activities:			
Purchase of capital assets:			
internally funded	(6,220)	(3,241)	(3,016)
externally funded - equipment	(2,228)	(2,002)	(4,350)
- facilities & improvements	-	(3,003)	(21,974)
Proceeds on sale of capital assets	-	510	134
Allocations to non-current cash	4,327	(903)	(6,823)
Cash used by investing activities	(4,121)	(8,639)	(35,829)
Financing activities:			
Capital contributions received (Note 9)	350	6,753	25,299
Change in non-cash working capital account (Note 21)	-	(2,166)	(1,300)
Increase in long term receivable	-	(449)	-
Principal payments on long-term debt	(116)	(148)	(168)
Increase in long-term debt	16	160	45
Net change in non-current deferred contributions	(956)	216	965
Cash generated from (used by) financing activities	(706)	4,366	24,841
Increase (decrease) in cash and investments	2,000	5,417	(10,293)
Cash and investments, beginning of year	20,138	14,535	24,828
Cash and investments, end of year	$ 22,138	$ 19,952	$ 14,535

CHINOOK REGIONAL HEALTH AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2001
(thousands of dollars)

Note 1 Authority, Purpose and Operations

The Chinook Regional Health Authority (the "Authority") was established on June 24, 1994 under the authority of the Regional Health Authority Act, Chapter R-9.07, Statutes of Alberta 1994. The Authority is exempt from the payment of income tax and is also a registered charity under the Income Tax Act.

The Authority is responsible for the delivery of appropriate, accessible and affordable health services within the Chinook Region (the "Region"). This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well-being.

The operations of the Authority include the following facilities and sites:
- Barons-Eureka-Warner Health Unit
- Border Counties General Hospital
- Cardston General Hospital
- Children's Assessment, Rehabilitation and Education Centre Society of Southwestern Alberta
- Chinook Health Unit
- Crowsnest Pass General and Auxiliary Hospital
- Fort Macleod Health Care Centre
- Fort Macleod Special Development Unit
- City of Lethbridge Health Unit
- Lethbridge Regional Hospital
- Magrath General Hospital
- Picture Butte Health Centre
- Pincher Creek Municipal Hospital
- Raymond General Hospital
- Taber and District Health Care Complex

These financial statements do not include the assets, liabilities and operations of any voluntary or private facilities providing health services in the region. Information on these facilities is disclosed in Note 22(e).

Note 2 Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and the reporting requirements of Financial Directive 18 issued by Alberta Health and Wellness. The following are the significant accounting policies:

(a) Basis of Presentation

These financial statements are prepared using the non-fund deferral method of accounting. The Foundations are not consolidated.

(b) Revenue Recognition

(i) Unrestricted operating grants and other contributions are recognized as revenue when receivable.

(ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year when related expenses are incurred.

(iii) Externally restricted capital contributions are recorded as deferred capital contributions until the amount is invested in capital assets. Amounts invested representing externally funded capital assets are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

(iv) Restricted contributions for the purchase of capital assets which will not be amortized are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year it is earned.

(vi) Investment income subject to external restrictions is, depending on the nature of the restrictions, recorded as a direct increase to net assets, or is deferred and recognized as revenue in the year the related expenses are incurred.

(vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(c) Full cost

The Authority accounts for all costs and revenues related to services carried out for which it is responsible.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

The fair value of costs of services are recorded. The fair value transactions recorded consist of the following:

(i) Revenues earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as fees and charges of the Authority. An equivalent amount is recorded as contracted health service operator expense of the Authority.

(ii) Payments made by Alberta Health directly to contracted health service operators for health programs are recorded as revenues and an equivalent amount recorded as program expenses as these payments represent part of the cost of the Authority's health programs.

(iii) The fair value for the use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expenses.

(iv) Other assets, supplies and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers contribute a significant amount of time each year to assist the Authority in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenues and expenses in these financial statements because fair value cannot be reasonably determined.

(d) Employee Future Benefits

The Authority participates in the Local Authorities Pension Plan. This is a multi-employer defined benefit plan that provides pensions for the Authority's participating employees, based on years of service and earnings.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Authority has insufficient information to apply defined benefit plan accounting.

Pension costs included in these financial statements comprise the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plan. The Authority's portion of the pension plans' deficit or surplus is not recorded by the Authority.

The Authority fully accrues its obligations for employee non-pension future benefits.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(e) Investments

Temporary investments are recorded at lower of cost and market. Non-current investments are recorded at cost. Where there has been a loss in the value of an investment other than a temporary decline, the investment is written down to recognize the loss. The written down value is deemed to be the new cost.

(f) Financial Instruments

The carrying value of accounts receivable, accounts payable and accrued liabilities approximates their fair value as of March 31, 2001 because of the short-term maturity of these items.

The carrying value of long-term debt (obligations under capital leases) approximates their fair values as of March 31, 2001.

(g) Inventories

Inventories are valued at the lower of cost, determined on a first-in, first-out basis, or net realizable value.

(h) Capital Assets

Capital assets and construction projects in progress are recorded at cost. Capital assets costing less than $5 are expensed.

Capital assets except land, construction in progress and art are amortized over their estimated useful lives on a straight line basis as follows:

	Useful Life
Land improvements	10 - 25 years
Buildings	20 - 40 years
Equipment	5 - 20 years

Construction projects in progress are not amortized until the project is complete.

Leases transferring substantially all of the benefits and risks of ownership of capital assets to the Authority are accounted for as acquisitions of capital assets financed by long-term obligations.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(i) Use of Estimates Note

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Note 3 Change in Accounting Policy

Pension obligation

The Authority has changed its method of accounting for its participation in multi-employer defined benefit pension plan. The Authority now records pension expense equivalent to its annual contributions payable during the year. The Authority's portion of the pension plan's deficit or surplus is not recorded by the Authority. This change in accounting policy has been applied retroactively with restatement of comparative amounts. As a result of the change in accounting policy, the Authority's financial statements for the year ended March 31, 2000 have been restated as follows:

	2000		
	As Previously Stated	Adjustment	As Restated
Net assets at beginning of year	$ 16,140	$ 506	$ 16,646
Net assets at end of year	$ 19,866	$ 362	$ 20,228
Pension liability	$ 362	$ (362)	$ -
Excess of revenue over expenses	$ 3,726	$ (144)	$ 3,582

Note 4 Cash and Investments

	2001	2000
Cash & cash equivalents	$ 5,040	$ 8,608
Term deposits [1]	15,312	6,099
Bonds	14,656	13,919
Equities	2,238	2,300
	37,246	30,926
Amount held for non-current purposes [2]	(17,294)	(16,391)
	$ 19,952	$ 14,535

Note 4 Cash and Investments (continued)

[1] Term deposits with Alberta Treasury Branches maturing within one year and bearing interest at an average rate of 5.61%.

[2] The Authority has placed funds under management, invested in accordance with the investment policy, with Bissett and Associates Investment Management Ltd. The funds have a market value at March 31, 2001 of $17,524 (2000 – $16,188).

(i) Income and financial returns are exposed to credit and price risks. Credit risk relates to the possibility that a loss may occur when another party fails to perform according to terms of the contract. Price risk comprises interest rate risk and market risk. Interest rate risk relates to the possibility that investments will change in value with future fluctuations in market interest rates. Market risk relates to the possibility that investments will change in value due to fluctuations in market prices.

To earn optimal financial returns at an acceptable level of risk, management has established a policy asset mix of 65% to 100% for fixed-income instruments and 0% to 25% equities. Risk is reduced through asset class diversification, diversification within each asset class and quality constraints on fixed-income and equity instruments.

(ii) Publicly traded fixed-income instruments are managed with the objective of providing optimal returns while maintaining maximum security of capital. Return is optimized within risk constraints on the portfolio by management of portfolio duration and issuer mix.

Fixed-income securities, such as bonds, have an average effective yield of 6.7% per annum based on the market for securities maturing in a year, and 5.5% per annum for securities maturing between 1 and 10 years. As at March 31, 2001, the securities have the following term structure based on par:

	%
Under 1 year	1.6
1 to 5 years	30.3
5 to 10 years	57.5
Over 10 years	10.6

Note 4 Cash and Investments (continued)

Non-current cash and investments represent the following:

	2001	2000
Endowments	$ 150	$ 150
Externally restricted for capital purposes	2,862	1,982
Internally restricted for capital purposes	5,044	3,863
Internally restricted for education	236	219
Externally restricted for specific purposes	6,739	4,574
Unrestricted for non-current investments	2,263	5,603
	$ 17,294	$ 16,391

Note 5 Accounts Receivable

	2001	2000
Contributions receivable	$ 2,649	$ 3,303
Accounts receivable - patients and other	3,678	3,809
	$ 6,327	$ 7,112

Note 6 Capital Assets

	2001			2000
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 2,462	$ -	$ 2,462	$ 2,462
Land improvements	4,048	3,283	765	823
Buildings	237,972	72,902	165,070	142,433
Equipment	55,280	43,155	12,125	10,801
Construction in progress	6,150	-	6,150	32,334
Art	46	-	46	115
	$ 305,958	$ 119,340	$ 186,618	$ 188,968

(a) Land

Land at the following sites has been provided to the Authority at nominal values: Crowsnest Pass Health Centre, Picture Butte General Hospital and St. Michael's Health Centre.

(b) Leased Equipment

Included in the equipment are items acquired through capital leases at a cost of $1,590 (2000 - $1,430) with accumulated amortization of $966 (2000 - $798).

Capital assets have been funded from the following sources:

	2001	2000
Financed by capital leases	$ 888	$ 875
Externally funded	176,311	180,062
Internally funded	9,419	8,031
	$ 186,618	$ 188,968

Note 7 Other Assets

	2001	2000
Long term receivable	$ 449	$ -
Deposits - Housekeeping	5	5
	$ 454	$ 5

The long term receivable is forgivable for services rendered by the contracted health service provider over the life of the Continuing Care Agreement. The Continuing Care Agreement will be for a term of 20 years effective from the 15th day of December 2000, unless terminated.

Note 8 Deferred Contributions

	2001	2000
Amounts received:		
Alberta Health and Wellness contributions	$ 1,038	$ 3,387
Other government contributions	362	207
Donations	947	2,917
Investments and other revenue	1,036	742
	3,383	7,253
Amounts recognized as revenue:		
Alberta Health and Wellness contributions (Note 14)		
Year 2000 remedial costs	(20)	(637)
Other	(521)	(55)
Other government contributions (Note 15)	(198)	(150)
Donations	(403)	(464)
Investment and other revenue	(688)	(449)
	(1,830)	(1,755)
Returned to foundations	(24)	-
Returned to Alberta Health and Wellness	-	(144)
Returned to Person's with Development Disabilities	(62)	-
Amounts transferred to deferred capital contributions (Note 9)		
Year 2000 remedial costs	-	(3,845)
Other	(587)	(2,405)
	(2,503)	(8,149)
Change during the year	880	(896)
Balance, beginning of year	6,341	7,237
	$ 7,221	$ 6,341

Unspent amounts at end of year are restricted for the following purposes:

	2001	2000
Current:		
Year 2000	$ -	$ 20
Special purpose program funding	2,873	2,136
Restricted donations	405	458
	3,278	2,614
Long-term:		
Special purpose program funding	3,943	3,727
	$ 7,221	$ 6,341

Note 9 **Deferred Capital Contributions**

Deferred capital contributions balance represents amounts accounted for in accordance with accounting policy described in Note 2(b).

	2001	2000
Amounts received:		
Restricted Alberta Health and Wellness contributions	$ 3,722	$ 575
Restricted other government contributions	2,352	18,399
Restricted for capital purposes (Note 17)	93	61
Refund to Alberta Infrastructure	(16)	(14)
Proceeds on sale of land		28
Contributed capital	15	-
Transferred from deferred contributions (Note 8)		
Year 2000 remedial costs	-	3,845
Other	587	2,405
	6,753	25,299
Transferred (to) from:		
Unamortized external capital contributions (Note 11)		
Proceeds on sale of building	449	-
Year 2000 remedial	-	(3,845)
Other	(4,418)	(20,074)
Donations	(587)	(2,405)
Change during the year	2,197	(1,025)
Balance, beginning of year	3,282	4,307
Balance, end of year	$ 5,479	$ 3,282
Balance at end of year is restricted for the following purposes:		
Equipment replacement	3,945	1,587
New construction	1,534	1,695
	$ 5,479	$ 3,282

Note 10 **Long-term Debt**

	2001	2000
Obligations under capital leases	$ 888	$ 875
Less current portion	(143)	(131)
Long-term portion	$ 745	$ 744

	Total
Future payments:	
For the year ended March 31:	
2002	$ 202
2003	187
2004	174
2005	174
2006	248
2007 and thereafter	168
	1,153
Amount representing interest	(265)
	$ 888

The capital leases expire on various dates to March 15, 2012. The implicit interest rates payable on these leases are 8% to 9.5%.

Note 11 Unamortized External Capital Contributions

Unamortized external capital contributions reflect transactions accounted for in accordance with the accounting policy described in Note 2(b). The balance at end of year represents the external capital contribution that will be recognized as revenue in future years.

	2001	2000
Balance at beginning of year	$ 180,062	$ 161,168
Add amounts transferred from (to):		
Deferred capital contributions (Note 9)		
Unamortized portion of disposal	(449)	-
Year 2000 remedial costs	-	3,845
Other	4,418	20,074
Donations	587	2,405
	4,556	26,324
Less amounts recognized as revenue		
General operations	(8,305)	(7,427)
Ancillary operations (Note 16)	(2)	(3)
	(8,307)	(7,430)
	$ 176,311	$ 180,062

Note 12 Net Assets Internally Restricted

Net assets internally restricted represent amounts restricted by the Authority for the following purposes:

	2001	2000
Future equipment replacement	$ 1,700	$ 1,510
Information technology upgrade	2,694	2,312
Building service equipment	650	41
Education fund	236	219
	$ 5,280	$ 4,082

Note 13 Budget

	Approved Budget[1]	Increased Funding[2]	Reported Budget
Revenue:			
Alberta Health and Wellness contributions	$ 164,450	$ 3,047	$ 167,497
Other government contributions	2,282	-	2,282
Fees and charges	12,460	-	12,460
Net ancillary operations	475	-	475
Donations	151	-	151
Investment and other revenue	3,216	-	3,216
Amortization of deferred capital contributions	8,696	-	8,696
Total revenue	191,730	3,047	194,777
Expenses:			
Facility based inpatient services	46,821	-	46,821
Facility based emergency and outpatient services	10,410	-	10,410
Facility based continuing care services	26,645	-	26,645
Community and home based services	12,517	-	12,517
Diagnostic and therapeutic services	35,233	-	35,233
Promotion, prevention and protection services	6,771	-	6,771
Administration	8,537	-	8,537
Information technology and We//net	4,246	-	4,246
Year 2000 remedial costs	20	-	20
Support services	32,183	-	32,183
Amortization of facilities and improvements	7,081	-	7,081
Total expenses	190,464	-	190,464
Excess of revenues over expenses	$ 1,266	$ 3,047	$ 4,313

(1) The budget was approved by the members of the Authority on May 25, 2000 and submitted to the Minister of Health and Wellness and approved on November 1, 2000.

(2) The Minister of Health and Wellness announced a funding increase to RHA's for salary settlements and other funding to improve access to quality health services. The Chinook Regional Health Authority received $3,047.

Note 14 Alberta Health and Wellness Contributions

	Budget	2001	2000
Unrestricted contributions	$ 167,293	167,383	$ 151,372
Transfers from deferred contributions (Note 8)			
Year 2000 remedial costs	20	20	637
Other	-	521	55
Restricted contributions made directly by Alberta Health and Wellness to contracted health service operators	184	184	184
	$ 167,497	$ 168,108	$ 152,248

Note 15 Other Government Contributions

	Budget	2001	2000
Person's with Development Disabilities South Alberta Board	$ 1,800	$ 1,718	$ 1,779
Transfers from deferred contributions (Note 8)	188	198	150
Fair value of rent less rent charges for non-acute care facilities used by the Authority	294	298	293
	$ 2,282	$ 2,214	$ 2,222

Note 16 Ancillary Operations

	2001						2000
	Non-Patient Food Services Operations	Laundry Operations	Parking Operations	Other Operations	Total	Budget	Total
Revenues							
Revenues	$ 825	$ 79	$ 344	$ 290	$ 1,538	$ 1,376	$ 1,395
Amortization of deferred capital contributions	-	-	2	-	$ 2	-	3
	825	79	346	290	1,540	1,376	1,398
Expenses							
Other expenses	649	79	22	173	$ 923	863	857
Amortization	2	-	44	-	46	38	43
	651	79	66	173	969	901	900
Excess of revenues over expenses 2000-2001	$ 174	$ -	$ 280	$ 117	$ 571	$ 475	$ 498
Excess of revenues over expenses 1999-2000	$ 172	$ -	$ 262	$ 64	$ 498		

Note 17 Investment and Other Income

	Budget	2001	2000
Investment income earned on unrestricted resources	$ 1,200	$ 1,835	$ 1,368
Investment income earned on resources restricted for the purchase of capital assets	-	93	61
Investment income earned on resources held for endowment	-	8	8
Other income	2,016	3,559	1,865
	3,216	5,495	3,302
Less amounts deferred:			
Restricted for capital asset acquisition (Note 9)	-	(93)	(61)
	$ 3,216	$ 5,402	$ 3,241

Note 17 **Investment and Other Income (continued)**

Investment income is comprised of interest and dividends.

Other income is comprised of recoveries from sources external to the Health Authority for compensation, material and supplies.

Note 18 **Administration**

	Budget	2001	2000
General administration	$ 4,622	$ 4,791	$ 4,469
Finance	1,309	1,190	1,142
Personnel	1,186	1,431	1,070
Administration - contract operators	1,420	1,519	1,334
	$ 8,537	$ 8,931	$ 8,015

Note 19 **Information Technology and We//net**

	Budget	2001	2000
Alberta We//net	$ 709	$ 712	$ 709
Information systems	3,537	2,632	2,435
	$ 4,246	$ 3,344	$ 3,144

Alberta We//net is the province-wide, strategic initiative to build a health information network. The initiative brings together a broad spectrum of health professionals into multi-disciplinary teams to put information technology to work to improve health service delivery to all Albertans. Alberta We//net brings together doctors, nurses, regional health authorities, pharmacists, the Alberta Cancer Board, the Alberta Mental Health Board, universities and faculties of medicine, a national health information institute and Alberta Health and Wellness in the planning and implementation of the network.

The Authority's contribution has been applied towards planning and pre-development activities that will produce clinical and administrative deliverables in 2000-2001, or to develop application to support We//net initiatives. In accordance with Generally Accepted Accounting Principles, contributions aggregating $712 have been expensed.

Note 20 **Support Services**

	Budget	2001	2000
Building maintenance, operations and security	$ 9,185	$ 9,610	$ 9,092
Communications	397	397	375
Education	406	528	421
Housekeeping	3,183	3,227	3,096
Laundry and linen	1,071	1,118	1,026
Materials management	2,750	2,855	2,624
Patient food services	5,326	5,535	5,199
Patient health records	2,097	2,050	1,986
Patient registration	1,027	1,007	998
Patient transportation	888	1,480	1,163
Volunteer services	221	229	221
Support-contract operators	5,632	5,837	5,571
	$ 32,183	$ 33,873	$ 31,772

Note 21 **Changes in Non-Cash Working Capital Accounts**

	2001	2000
Accounts receivable	$ 785	$ (3,854)
Inventories	(173)	(134)
Prepaid expenses	(166)	(241)
Accounts payable	(732)	(296)
Accrued vacation pay	551	568
Current portion of deferred contributions	664	(1,861)
	$ 929	$ (5,818)
Reflected in the Statement of Cash Flows as:		
Operating activities	$ 3,095	$ (4,518)
Financing activities	(2,166)	(1,300)
	$ 929	$ (5,818)

Note 22 **Related Parties**

(a) Provincial Government
The Authority operates under the authority of the Province of Alberta. Transactions between the Authority and the Province of Alberta are described in Notes 8, 9, 13, 14, 15, and 19 to the financial statements.

Note 22 Related Parties (continued)

(b) Foundations

The Authority exercises control over the following Foundations by virtue of its ability to appoint a majority of the voting members of the Boards of Directors. These Foundations were established under the Regional Health Authorities Act and are registered charities under the Income Tax Act.

The controlled Foundations are not consolidated in these financial statements.

(i) Crowsnest Pass Health Foundation (established August 28, 1996)

	2001	2000
Total assets	$ 126	$ 94
Total liabilities	(29)	(1)
Net assets	$ 97	$ 93
Revenues	$ 133	$ 101
Expenses	(129)	(77)
Excess of revenues over expenses	$ 4	$ 24

The resources of the Foundation amounting to $43 have been restricted by the donors for the exclusive use of Crowsnest Pass Health Care Facility.

The financial statements for the Crowsnest Pass Health Foundation are prepared using the Restricted Fund method.

(ii) Cardston and District Health Foundation (established August 28, 1996)

	2001	2000
Total assets	$ 29	$ 52
Total liabilities	(5)	(1)
Net assets	$ 24	$ 51
Revenues	$ 50	$ 70
Expenses	(76)	(23)
Excess of revenues over expenses	$ (26)	$ 47

The resources of the Foundation amounting to $17 have been restricted by the donors for the exclusive use of Cardston Health Care Facility.

Note 22 Related Parties (continued)

The financial statements for the Cardston and District Health Foundation are prepared using the Restricted Fund method.

(iii) North County Health Foundation (established October 16, 1997)

	2001	2000
Total assets	$ 34	$ 71
Total liabilities	-	(1)
Net assets	$ 34	$ 70
Revenues	$ 49	$ 127
Expenses	(95)	(65)
Excess of revenues over expenses	$ (46)	$ 62

The resources of the Foundation amounting to $11 have been restricted by the donors for the exclusive use of Picture Butte Health Care Facility.

The financial statements for the North County Health Foundation are prepared using the Restricted Fund method.

(iv) Fort Macleod and District Health Foundation (established April 21, 1998)

	2001	2000
Total assets	$ 39	$ 27
Total liabilities	(15)	(5)
Net assets	$ 24	$ 22
Revenues	$ 69	$ 59
Expenses	(67)	(41)
Excess of revenues over expenses	$ 2	$ 18

Note 22 Related Parties (continued)

The resources of the Foundation amounting to $18 have been restricted by the donors for the exclusive use of Fort Macleod Health Care Facility.

The financial statements for the Fort Macleod and District Health Foundation are prepared using the Restricted Fund method.

(v) Windy Slopes Health Foundation (established April 28, 1998)

	2001	2000
Total assets	$ 34	$ 22
Total liabilities	(8)	(1)
Net assets	$ 26	$ 21
Revenues	$ 51	$ 86
Expenses	(45)	(65)
Excess of revenues over expenses	$ 6	$ 21

The resources of the Foundation amounting to $17 have been restricted by the donors for the exclusive use of Pincher Creek Health Care Facility.

The financial statements for the Windy Slopes Health Foundation are prepared using the Restricted Fund method.

Note 22 Related Parties (continued)

	Contributions Received by Health Authority Year ended March 31		Resources held by Foundation At March 31, 2001	
	2001	2000	Externally Restricted	Unrestricted
Crowsnest Pass Health Foundation	$ 100	$ 45	$ 43	$ 54
Cardston and District Health Foundation	43	1	17	8
North County Health Foundation	74	3	11	13
Fort Macleod and District Health Foundation	31	4	18	7
Windy Slopes Health Foundation	22	26	17	9
	$ 270	$ 79	$ 106	$ 91

Note 22 Related Parties (continued)

(c) Other Foundations

The Authority has an economic interest in the Lethbridge Regional Hospital Foundation and the Taber and District Health Foundation by virtue of its representation on the Board of Directors. The Foundations were established to raise funds for use in the respective community. The Foundations were continued under the Regional Health Authorities Act and are registered charities under the income Tax Act. Financial information for these foundations is as follows:

	Contributions Received by Health Authority		Resources held by Foundation	
	Year ended March 31,		At March 31, 2001	
	2001	2000	Externally Restricted	Unrestricted
Lethbridge Regional Hospital Foundation	$ 359	$ 2,437	$ 1,684	$ 2,648
Taber and District Health Foundation	70	116	439	168
	$ 429	$ 2,553	$ 2,123	$ 2,816

Contributions include externally restricted amounts for equipment, programs, research, and education for the specific communities supported by the Foundations.

Note 22 Related Parties (continued)

The value of administrative support provided to Foundations, and the accounts receivable from the Foundations at year end are as follows:

	Administrative Support		Accounts Receivable	
	Year ended March 31,		As at March 31,	
	2001	2000	2001	2000
Controlled Foundations:				
Crowsnest Pass Health Foundation	$ 21	$ 22	$ 29	$ 1
Cardston and District Health Foundation	20	22	5	1
North County Health Foundation	21	26	-	1
Fort Macleod and District Health Foundation	20	21	14	4
Windy Slopes Health Foundation	21	22	8	1
Other Foundations:				
Lethbridge Regional Hospital Foundation	178	155	79	87
Taber and District Health Foundation	21	37	34	59
	$ 302	$ 305	$ 169	$ 154

(d) Society of Friends of the Lethbridge Regional Hospital (the "Society")

The Authority significantly influences the Society through its provision of administrative and financial services and by representation on the Board. The Society is incorporated under the Societies Act of Alberta and operates the gift shop, telephone and television rentals, and other various fund-raising activities. All funds earned are used to support the activities of the Lethbridge Regional Hospital Site of the Authority by transferring funds through the Lethbridge Regional Hospital Foundation.

As at March 31, 2001, $133 (2000 - $37) was due to the Authority for net inter-entity transactions.

Note 22 Related Parties (continued)

(e) Voluntary and Private Health Service Operators

The Authority contracts with voluntary and private health service operators to provide health services in the Region. The health service operators and the amount of the contracted health services for the year are as follows:

	2001				2000
	Direct Authority Funding	Direct Alberta Health Funding	Approved Patient Fees and Charges	Total	Total
Voluntary					
St. Michael's Health Centre	$ 7,876	$ -	$ 2,063	$ 9,939	$ 9,542
Coaldale Health Care Centre	3,060	-	458	3,518	3,198
Victorian Order of Nurses	88	-	44	132	134
Private					
Edith Cavell Nursing Home	3,363	-	1,057	4,420	3,799
Extendicare - Lethbridge	3,812	-	1,091	4,903	4,649
Extendicare - Fort Macleod	1,589	184	475	2,248	2,168
	$ 19,788	$ 184	$ 5,188	$ 25,160	$ 23,490
Reporting in the following expense categories:					
Facility based inpatient acute services				$ 699	$ 670
Facility based emergency and outpatient services				422	405
Facility based continuing care services				14,661	13,652
Community and home based services				229	134
Diagnostic and therapeutic services				1,793	1,623
Administration				1,519	1,334
Year 2000 remedial costs				-	101
Support services				5,837	5,571
				$ 25,160	$ 23,490

The Authority has an economic interest in the above organizations.

Note 23 Pension Costs

The Authority participates in the Local Authorities Pension Plan which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equivalent to the Authority's annual contributions payable of $3,474 for the year ended March 31, 2001 (2000 - $3,189).

At December 31, 2000, the Local Authorities Pension Plan reported a surplus of $883,823 (1999 - $880,358).

Note 24 Commitments

The Authority is committed to future capital upgrade projects in the amount of $5,287.

The Authority has entered into various commitments for the purchase of consumables, reagents and chemicals. The commitments expire at various dates to March, 2006.

Note 25 Comparative Figures

Certain 2000 figures have been reclassified to conform to the 2001 presentation.

Note 26 Approval of Financial Statements

These financial statements have been approved by the Authority.

Schedule 1

CHINOOK REGIONAL HEALTH AUTHORITY
SCHEDULE OF EXPENSES BY OBJECT
FOR YEAR ENDED MARCH 31, 2001
(thousands of dollars)

	Budget	2001	2000 (as restated Note 3)
Salaries, benefits, allowances and severance (Schedule 2)	$ 109,104	$ 111,587	$ 102,350
Contracts with health service operators (Note 22)	24,146	25,160	23,490
Drugs, gases, medical and surgical supplies	8,387	9,114	8,535
Consulting services	3,859	3,794	3,497
Interest on long term debt	71	33	152
Other	34,570	34,103	28,842
Amortization:			
Capital equipment - internally funded	2,800	1,648	1,533
Capital equipment - externally funded	1,305	1,719	1,573
Facilities and improvements	7,123	6,718	5,955
	191,365	193,876	175,927
Less amounts reported in ancillary operations (Note 16)	(901)	(969)	(900)
	$ 190,464	$ 192,907	$ 175,027

Schedule 2

CHINOOK REGIONAL HEALTH AUTHORITY
SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE
FOR THE YEAR ENDED MARCH 31, 2001
(thousands of dollars)

		2001					Severance			2000 (as restated Note 3)				
		Average	Number of Individuals[1]	Salaries and Honoraria[2]	Benefits and Allowances[3]	Sub-total	Number of Individuals	Amount	Total	Average	Number of Individuals[1]	Salaries, Benefits, Honoraria[2]	Severance[4]	Total
Authority/Member Compensation														
Chairperson	Eden, Frank		1	$ 25	$ -	$ 25	$ -	$ -	$ 25		$ 1	$ 24	$ -	$ 24
Members	Bennett, Michael		1	10	-	10	-	-	10		1	8	-	8
	Bergen, Peter		1	8	-	8	-	-	8		1	7	-	7
	Bianchini, Aldo		1	8	-	8	-	-	8		1	14	-	14
	Burnham, Richard C.		1	10	-	10	-	-	10		1	12	-	12
	Elzinga, Ruth		1	5	-	5	-	-	5		1	8	-	8
	Klassen, Stanley C.		1	7	-	7	-	-	7		1	7	-	7
	Lowry, David		1	8	-	8	-	-	8		1	8	-	8
	Merra, Sam		1	5	-	5	-	-	5		1	8	-	8
	Olsen, Thaine		1	10	-	10	-	-	10		1	9	-	9
	Paterson, Beverley		1	12	-	12	-	-	12		1	17	-	17
	Reese, Hovey		1	7	-	7	-	-	7		1	3	-	3
	Schindeler, Douglas J.		1	5	-	5	-	-	5		1	6	-	6
	Williams, Richard C.		1	11	-	11	-	-	11		1	12	-	12
Total honoraria			14	131	-	131	-	-	131		14	143	-	143
Staff Compensation														
Chief Executive Officer			1	205	38	243	-	-	243		1	232	-	232
Management reporting to CEO:														
VP Medical Services			1	219	-	219	-	-	219		1	201	-	201
VP Community Health			1	183	14	197	-	-	197		1	160	-	160
VP Regional Programs			1	126	17	143	-	-	143		1	128	-	128
VP Finance & Administration			1	112	17	129	-	-	129		1	115	-	115
VP Support Services			1	108	16	124	-	-	124		1	114	-	114
Director of Public Relations			-	-	-	-	-	-	-		1	83	-	83
Director of Foundations and Fund Raising			1	91	12	103	-	-	103		1	77	-	77
Director of Human Resources			1	92	12	104	-	-	104		1	100	-	100
Management reporting to above		$ 89	30	2,336	337	2,673	-	-	2,673	$ 93	33	2,903	160	3,063
Other management		64	91	4,934	921	5,855	1.0	74.0	5,929	52	107	5,511	44	5,555
Medical doctors (not included above)		41	37	1,498	54	1,552	-	-	1,552	35	36	1,270	-	1,270
Regulated Nurses (not included above)		54	835	38,821	6,298	45,119	-	-	45,119	50	807	40,653	-	40,653
Other health technical and professionals		57	327	15,993	2,588	18,581	1.0	3.0	18,584	53	314	16,541	-	16,541
Unregulated health service providers		28	178	4,294	682	4,976	-	-	4,976	26	180	4,723	-	4,723
Other staff		31	757	20,052	3,235	23,287	2	14	23,301	30	727	21,888	-	21,888
Vacation Accrual			-	8,060	-	8,060	-	-	8,060	-	-	7,304	-	7,304
Total Staff Compensation			2,263	97,124	14,241	111,365	4	91	111,456		2,213	102,003	204	102,207
Total			2,277	$ 97,255	$ 14,241	$ 111,496	4	$ 91	$ 111,587		2,227	$ 102,146	$ 204	$ 102,350

Schedule 2 (continued)

SCHEDULE OF SALARIES, BENEFITS, ALLOWANCES AND SEVERANCE

FOR THE YEAR ENDED MARCH 31, 2001

1) The average number of individuals is calculated based on a total worked and benefit hour, excluding overtime, for a classification divided by the number of hours in a standard work year, except for named individuals. The number of hours in a standard work year, by classification, is as follows

Category	Number of Hours	
	Hospital	Community
Other management	2,023	2,023
Medical doctors	2,023	-
Regulated nurses	1,920	2,023 and 1,920
Other health technical and professionals	2,023	1,827
Unregulated health service providers	2,023	1,827
Other staff	2,023 and 2,088	2,023 and 1,827

Total actual discrete number of individuals employed March 31, 2001 was 3,137 (2000 – 3,003).

2) Salaries include regular base pay, overtime, lump sum payments, honoraria, and any other direct cash remuneration including sick leave, short-term disability and vacation.

3) Benefits and Allowances include the employers share of all employee benefits and contributions or payments paid or payable on behalf of employees including pension, health care, dental coverage, out-of-country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, unemployment insurance, workers compensation, car benefits and allowance, professional membership and recruitment and relocation expenses.

4) Severance includes all monies paid directly or on behalf of an employee upon termination that do not relate to salaries and benefits. The number of individuals receiving severances disclosed in the schedule is the discrete number of individuals.

5) Average salary and benefits amounts exclude severance payments.

6) During the 2000/2001 fiscal year a reorganization of the organizational reporting structure was completed. Adjustments for salaries, benefits and allowances have been reclassified as needed.

Schedule 3

CHINOOK REGIONAL HEALTH AUTHORITY
THREE YEAR SUMMARY OF REVENUE AND EXPENSES

(thousands of dollars)

	Actual		
	2001	2000	1999
		(as restated Note 3)	(as restated)
Revenue			
Alberta Health and Wellness contributions	$ 168,108	$ 152,248	$ 138,874
Other government contributions	2,214	2,222	2,287
Fees and charges	12,842	12,660	12,116
Ancillary operations, net	571	498	372
Donations	280	313	372
Investment and other income	5,402	3,241	2,608
Amortization of external capital contributions	8,305	7,427	7,325
TOTAL REVENUE	$ 197,722	$ 178,609	$ 163,954
Expenses			
Facility-based inpatient acute services	47,327	43,599	42,067
Facility-based emergency and outpatient services	10,796	9,406	8,655
Facility-based continuing care services	27,599	25,240	23,447
Community and home-based services	11,937	9,426	8,857
Diagnostic and therapeutic services	35,184	32,038	29,254
Promotion, prevention and protection services	7,178	5,838	5,411
Administration	8,931	8,015	7,483
Information technology and we//net	3,344	3,144	1,513
Y2K remedial costs	20	637	1,259
Support services	33,873	31,772	30,164
Amortization of facilities and improvements	6,718	5,912	5,884
TOTAL EXPENSES	192,907	175,027	163,994
Excess (deficiency) of revenue over expense	$ 4,815	$ 3,582	$ (40)

Financial Statements of

PALLISER HEALTH AUTHORITY

March 31, 2001

Statement of Management Responsibility
Auditors' Report
Statement of Financial Position
Statement of Operations
Statement of Changes in Net Assets
Statement of Cash Flows
Notes to the Financial Statements
Schedule 1 - Schedule of Expenses by Object
Schedule 2 - Schedule of Salaries, Honoraria, Benefits, Allowances and Severance
Schedule 3 - Three Year Summary of Revenue and Expenses

PALLISER HEALTH AUTHORITY

Statement of Management's Responsibility for Financial Reporting
March 31, 2001

The accompanying financial statements are the responsibility of management and have been approved by the Authority. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgments.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained and assets are adequately accounted for and safeguarded. The Authority has also established a code of ethics and corporate directives, which require communication of the code to employees.

The Authority members carry out their responsibility for the financial statements through the Corporate Services Committee. This Committee meets with management and the external auditors, Johnston Morrison Hunter & Co. LLP to discuss and review financial matters, and recommends the financial statements to the Palliser Health Authority Board for approval. The external auditors have full and free access to the Corporate Services Committee.

The external auditors provide an independent audit of the financial statements. Their examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and other procedures, which allow them to report on the fairness of the financial statements prepared by management.

Tom Seaman
President

Richard Van Orman
Vice President, Corporate/Support Services

AUDITORS' REPORT

TO THE MEMBERS OF THE PALLISER HEALTH AUTHORITY AND THE MINISTER OF ALBERTA HEALTH AND WELLNESS.

We have audited the statement of financial position of the **Palliser Health Authority** as at March 31, 2001 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Palliser Health Authority as at March 31, 2001 and the results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Johnston Morrison Hunter & Co. LLP
CHARTERED ACCOUNTANTS

MEDICINE HAT, ALBERTA
MAY 17, 2001

PALLISER HEALTH AUTHORITY

Statement of Financial Position
March 31, 2001
(thousands of dollars)

	2001	2000 (as restated-note 3)
Assets		
Current assets:		
Cash and short-term investments (note 4)	$12,855	$11,341
Accounts receivable	1,592	1,833
Contributions receivable	1,687	3,642
Inventories	755	665
Prepaid expenses	275	263
	17,164	17,744
Non-current investments (note 5)	19,359	14,343
Capital assets (note 6)	75,388	75,372
	$111,911	$107,459
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accruals	$7,496	$6,483
Accrued vacation pay	4,637	4,084
Deferred contributions (note 7)	6,377	4,437
	18,510	15,004
Unamortized external capital contributions (note 8)	69,783	69,833
Net assets:		
Unrestricted (note 9)	3,184	2,444
Internally restricted (note 9)	14,829	14,639
Invested in capital assets	5,605	5,539
	23,618	22,622
	$111,911	$107,459

The accompanying notes and schedules are part of these financial statements.

PALLISER HEALTH AUTHORITY

Statement of Operations
Year ended March 31, 2001
(thousands of dollars)

	Budget	2001 Actual	2000 Actual
	(unaudited - note 10)		
Revenue:			
Alberta Health and Wellness contributions (note 11)	*$91,926*	$91,926	$84,492
Other government contributions (note 12)	*2,241*	2,909	2,135
Fees and charges	*10,340*	10,144	10,419
Ancillary operations, net (note 13)	*203*	221	274
Donations	*300*	264	319
Investment and other income (note 14)	*2,086*	2,450	2,091
Amortization of external capital contributions (note 8)	*3,725*	3,965	3,745
	110,821	111,879	103,475
Expenses (schedule 1):			
Facility-based inpatient acute services	*26,523*	26,565	24,162
Facility-based emergency and outpatient services	*4,475*	4,797	4,124
Facility-based continuing care services	*17,315*	16,759	16,141
Community and home based services	*8,176*	6,819	5,362
Diagnostic and therapeutic services	*19,503*	19,283	17,393
Promotion, prevention and protection services	*2,896*	2,933	2,691
Administration (note 15)	*4,938*	5,065	4,696
Information technology and We//net (note 16)	*1,310*	2,886	1,263
Year 2000 remedial costs	*0*	0	658
Support services (note 17)	*21,014*	22,573	20,130
Amortization of facilities and improvements	*3,241*	3,203	3,171
	109,391	110,883	99,791
Excess (deficiency) of revenue over expenses	*$1,430*	$996	$3,684
		A	B

Footnote A - Excess of Revenue over Expenses for 2001 of $996

The excess of revenue over expenses is principally a result of unanticipated delays in the commencement of the new Geriatric Assessment Program and the additional Southridge Village continuing care beds

Footnote B - Excess of Revenue over Expenses for 2000 of $3,684

The excess of revenue over expenses includes additional unrestricted Alberta Health and Wellness funding received in the latter part of the fiscal year of $3,727 The deficiency of revenue over expenses before the additional funding was $43

PALLISER HEALTH AUTHORITY

Statement of Changes in Net Assets
Year ended March 31, 2001
(thousands of dollars)

	Unrestricted	Internally Restricted	Invested in Capital Assets	2001 Total	2000 Total
	(Note 9)	(Note 9)			(as restated-note 3)
Excess (deficiency) of revenue over expenses	$996			$996	$3,684
Capital assets purchased with internal funds (net of disposals)	(1,499)		1,499	0	0
Amortization on internally funded capital assets	1,433		(1,433)	0	0
Net change to unrestricted net assets	930				
Transfer to / from Internally Restricted	(190)	190		0	0
Net assets, beginning of year	2,444	14,639	5,539	22,622	18,938
Net assets, end of year	$3,184	$14,829	$5,605	$23,618	$22,622

PALLISER HEALTH AUTHORITY

Statement of Cash Flows
Year ended March 31, 2001
(thousands of dollars)

	Budget *(unaudited - note 10)*	2001 Actual	2000 Actual
Cash generated from (used by):			
Operating activities:			
Excess (deficiency) of revenue over expenses	*$1,430*	$996	$3,684
Non cash transactions:			
Amortization of capital equipment - internally funded	*1,200*	1,433	1,343
Amortization of capital equipment - externally funded	*484*	762	574
Amortization of facilities and improvements	*3,241*	3,232	3,200
Amortization of external capital contributions	*(3,725)*	(3,994)	(3,774)
Change in non-cash working capital:			
Accounts receivable		241	(176)
Contributions receivable		1,955	(3,642)
Inventories		(90)	(129)
Prepaid expenses		(12)	583
Accounts payable and accruals		1,013	1,781
Accrued vacation pay		553	194
Deferred contributions		1,940	2,909
	2,630	8,029	6,547
Investing activities:			
Purchase of capital assets:			
Internally funded - equipment	*(2,630)*	(1,499)	(2,035)
Externally funded - equipment	*(2,400)*	(2,371)	(1,204)
Externally funded - facilities and improvements	*(2,000)*	(1,573)	(1,035)
Purchase of non-current investments		(5,505)	(3,831)
Proceeds on sale of non-current investments		489	2,613
	(7,030)	(10,459)	(5,492)
Financing activities:			
Capital contributions received	*4,400*	3,944	2,239
	4,400	3,944	2,239
Increase (decrease) in cash and short-term investments	*0*	1,514	3,294
Cash and short-term investments, beginning of year	*11,341*	11,341	8,047
Cash and short-term investments, end of year	*$11,341*	$12,855	$11,341

PALLISER HEALTH AUTHORITY

Notes to the Financial Statements
March 31, 2001
(thousands of dollars)

1. Authority, Purpose and Operations

The Palliser Health Authority ("the Authority") was established on June 24, 1994 under the authority of the Regional Health Authority Act, Chapter R-9.07, Statutes of Alberta 1994. The Authority is exempt from the payment of income tax and is a registered charity under the Income Tax Act.

The Authority is responsible for the delivery of appropriate, accessible and affordable health services in south-eastern Alberta ("the Region"). This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well-being.

The operations of the Authority include the following facilities and sites:

Alfred Egan Home (Bow Island)
Bassano Health Centre
Bow Island Health Centre
Bow Island Community Health Office
Brooks Health Centre
Brooks Home Care Office
Empress Health Centre
Medicine Hat Regional Hospital
Medicine Hat Community Health Office - Dunmore Road
Oyen Big Country Hospital
Oyen Health Office

These financial statements do not include the assets, liabilities and operations of voluntary or private facilities providing health services in the Region, except to the extent disclosed in Note 20.

2. Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Financial Directive 18 issued by Alberta Health and Wellness. The following are the significant accounting policies:

a) Revenue Recognition

(i) Unrestricted Non-Capital Contributions

Unrestricted operating grants and other contributions are recognized as revenue in the year when receivable.

(ii) Restricted Non-Capital Contributions

Externally restricted non-capital contributions are recognized as revenue in the year when the related expenses are incurred.

2. Significant Accounting Policies and Reporting Practices (continued)

(iii) Restricted Capital Contributions

Externally restricted capital contributions are recorded as Deferred Contributions until the contribution is invested in capital assets. Amounts invested, representing externally funded capital assets, are then transferred to Unamortized External Capital Contributions.

Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

Externally restricted capital contributions for the purchase of land are recorded as direct increases to Investment in Capital Assets.

(iv) Asset and Service Contributions

Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

Volunteers contribute a significant amount of time each year to assist the Authority in carrying out its programs and services. Because of the difficulty of determining their fair value, contributed services of volunteers are not reported in these financial statements.

b) Services Contracted from Voluntary and Private Health Operators

The Authority accounts for all revenues and costs related to services carried out for which it is responsible.

The Authority contracts with voluntary and private operators to provide health services in the region. Where funding for such services is paid directly to the voluntary or private agency by Alberta Health and Wellness, the amount of such funding is reflected as Alberta Health and Wellness contributions and an equivalent amount is recorded as contracted health service expense of the Authority.

Revenue earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as fees and charges of the Authority. An equivalent amount is recorded as contracted health service expense of the Authority.

c) Employee Future Benefits

The Authority participates in the Local Authorities Pension Plan. This is a multi-employer defined benefit pension plan that provides pensions for the Authority's participating employees, based on years of service and earnings.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Authority has insufficient information to apply defined benefit plan accounting.

Pension costs included in these financial statements comprise the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plans. The Authority's portion of the pension plan's deficit or surplus is not recorded by the Authority.

The Authority fully accrues its obligations for employee non-pension future benefits.

2. Significant Accounting Policies and Reporting Practices (continued)

d) Investments

Short-term investments are recorded at the lower of cost and market value.

Non-current investments are recorded at cost unless there has been a permanent reduction in value. At that time the value is reduced. Any discounts or premiums arising on purchase are amortized using the straight-line method over the period to maturity. Gains or losses realized on disposal are recognized in the period of disposal.

e) Financial Instruments

The carrying value of accounts receivable, accounts payable and accrued liabilities approximates their fair value because of the short-term maturity of these items.

f) Inventories

Inventories are valued at the lower of cost or net realizable value, with cost determined by the average cost method. Inventories are expensed when issued to the end user department.

g) Capital Assets

Capital assets and construction projects in progress are recorded at cost. Capital assets with unit costs less than five thousand dollars are expensed.

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful Life
Buildings	40 years
Land improvements	20 years
Building service equipment	20 years
Vehicles and equipment	5-20 years

Construction projects in progress are not amortized until the project is complete.

3. Change in Accounting Policy – Pension Obligation

The Authority has changed its method of accounting for its participation in multi-employer defined pension plans. The Authority now records pension expense equivalent to its annual contributions payable during the year. The Authority's portion of the pension plan's deficit or surplus is not recorded by the Authority. This change in accounting policy has been applied retroactively with restatement of comparative amounts. As a result of the change in accounting policy, the Authority's financial statements for the year ended March 31, 2000 have been restated as follows:

	As previously stated	Adjustment	As restated
Net assets at beginning of year	$ 18,638	$ 300	$ 18,938
Net assets at end of year	22,322	300	22,622
Pension liability	300	(300)	0

4. Cash and Short-Term Investments

		2001		2000
Cash	$	9,990	$	7,650
Bonds		2,489		3,424
Interest receivable		376		267
	$	12,855	$	11,341

Cash has an effective yield related to prime interest rate. Bonds have effective yields of 5.75% to 6.63% (2000 – 5.20% to 9.83%).

Cash and short-term investments have a market value approximately equal to their cost. Valuation of bonds has been obtained from independent brokerage firms.

5. Non-Current Investments

The Authority pools its investment funds with Health Foundations within the Region. The investments are held in the Authority's name and consist of the following:

		2001		2000
Bonds	$	22,834	$	17,866
Less Health Foundations' funds		(3,475)		(3,523)
	$	19,359	$	14,343

Bonds have effective yields of 5.10% to 11.25% (2000 – 5.10% to 11.25%).

Total pooled funds have a market value of $817 greater than book value (2000 $57 less than book value). Valuation of bonds has been obtained from independent brokerage firms.

At the fiscal year end, the investments have the following maturity structure:

	2001	2000
1 to 5 years	42%	41%
6 to 10 years	51%	42%
11 to 15 years	7%	17%
	100%	100%

6. Capital Assets

					2001		2000	
		Cost		Accumulated Amortization		Net Book Value		Net Book Value
Land	$	852	$	-	$	852	$	852
Buildings		108,046		47,540		60,506		63,134
Land improvements		2,533		2,076		457		566
Building service equipment		12,781		9,534		3,247		3,602
Vehicles and equipment		24,970		16,549		8,421		6,746
Construction projects in progress		1,905		-		1,905		472
	$	151,087	$	75,699	$	75,388	$	75,372

Capital assets have been funded from the following sources:

		2001		2000
Externally funded (Unamortized External Capital Contributions)	$	69,783	$	69,833
Internally funded (Invested in Capital Assets)		5,605		5,539
	$	75,388	$	75,372

PALLISER HEALTH AUTHORITY
Notes to the Financial Statements
March 31, 2001
(thousands of dollars)

7. Deferred Contributions

Deferred contributions reflects transactions accounted for in accordance with the accounting policies for restricted non-capital and capital contributions described in Note 2 (a) (ii) and Note 2 (a) (iii).

		2001		2000
Deferred contributions, beginning of year	$	4,437	$	1,528
Amounts received (net of prior year receivable):				
Alberta Health and Wellness contributions		1,445		938
Other government contributions		2,247		976
Donations		566		360
Investment and other revenue		-		35
Amounts receivable:				
Alberta Health and Wellness contributions		500		3,497
Other government contributions		1,187		-
Amounts recognized as revenue:				
Alberta Health and Wellness contributions		(61)		(658)
Transferred to:				
Unamortized External Capital Contributions (note 8)		(3,944)		(2,239)
Deferred contributions, end of year	$	6,377	$	4,437

The Deferred Contributions, end of year, represents amounts externally restricted for the following purposes:

		2001		2000
Healthy Ageing Partnership Initiative	$	938	$	938
Alberta Infrastructure grants for capital / renovation projects		889		214
High Tech, MRI and Medical Equipment funding		1,764		585
Wellnet funding for Regional Information System		630		2,200
Health Innovation funding		969		500
Federal Equipment funding		1,187		-
	$	6,377	$	4,437

PALLISER HEALTH AUTHORITY
Notes to the Financial Statements
March 31, 2001
(thousands of dollars)

8. Unamortized External Capital Contributions

Unamortized external capital contributions reflect transactions accounted for in accordance with the accounting policy described in Note 2 (a) (iii). The balance at the end of year represents external capital contributions that will be recognized as revenue in future years when the related capital asset amortization expense is recorded.

		2001		2000
Unamortized external capital contributions, beginning of year	$	69,833	$	71,368
Transferred from:				
Deferred Contributions (note 7)		3,944		2,239
Amounts recognized as revenue:				
Amortization of External Capital Contributions		(3,965)		(3,745)
Ancillary operations		(29)		(29)
Unamortized external capital contributions, end of year	$	69,783	$	69,833

9. Unrestricted and Internally Restricted Net Assets

The balance of unrestricted and internally restricted net assets can be analyzed as follows:

		2001		2000
Unrestricted and internally restricted net assets at regionalization - April 1, 1995	$	13,474	$	13,474
Changes since regionalization:				
Cumulative operating surplus		6,779		5,783
Invested in capital assets (net of amortization)		(2,240)		(2,174)
	$	18,013	$	17,083

		2001		2000
Unrestricted net assets	$	3,184	$	2,444
Internally restricted net assets (for future equipment replacement)		14,829		14,639
	$	18,013	$	17,083

PALLISER HEALTH AUTHORITY
Notes to the Financial Statements
March 31, 2001
(thousands of dollars)

10. Budget (unaudited)

	Approved Budget (a)	Additional Funding (b)	Adjustments (c)	Reported Budget
Revenue:				
Alberta Health and Wellness contributions	$90,266	$1,660		$91,926
Other government contributions	2,241			2,241
Fees and charges	10,340			10,340
Net ancillary operations	203			203
Donations	300			300
Investment and other income	2,086			2,086
Amortization of external capital contributions	3,725			3,725
	109,161	1,660	0	110,821
Expenses:				
Facility-based inpatient acute services	26,170	353		26,523
Facility-based emergency & outpatient services	4,413	62		4,475
Facility-based continuing care services	17,052	263		17,315
Community and home based services	8,145	31		8,176
Diagnostic and therapeutic services	18,686	817		19,503
Promotion, prevention and protection services	2,839	57		2,896
Administration	4,921	17		4,938
Information technology and Wel/net	1,310			1,310
Year 2000 remedial costs	0			0
Support services	20,954	60		21,014
Amortization of facilities and improvements	3,241			3,241
	107,731	1,660	0	109,391
Excess of revenue over expenses	$1,430	$0	$0	$1,430

(a) **Approved Budget** - The budget was approved by the Board of the Authority on April 26, 2000 and approved by the Minister for Health and Wellness.

(b) **Additional Funding** - Over the course of the fiscal year, the Minister provided additional funding. These additional resources were allocated by the Board to address funding expectations.

(c) **Adjustments** - Budget figures have been reclassified, where necessary, to conform to the 2001 actuals presentation.

PALLISER HEALTH AUTHORITY
Notes to the Financial Statements
March 31, 2001
(thousands of dollars)

11. Alberta Health and Wellness Contributions

	Budget (unaudited)	2001	2000
Unrestricted contributions	*$ 91,658*	$ 91,658	$ 83,625
Transfers from deferred contributions (note 7)	*61*	61	658
Restricted contributions made directly by Alberta Health and Wellness to contract operators	*207*	207	209
	$ 91,926	$ 91,926	$ 84,492

12. Other Government Contributions

	Budget (unaudited)	2001	2000
Alberta Infrastructure - grants for non-capital projects	*$ 50*	$ 599	$ -
Persons with Developmental Disabilities – grants for the operation of the Alfred Egan Home residential facility	*2,191*	2,310	2,135
	$ 2,241	$ 2,909	$ 2,135

13. Ancillary Operations

				2001	2000
	Budget (unaudited)	Non-Patient Food Services	Other Ancillary Operations	Total	Total
Revenue:					
Operating revenue		$ 637	$ 536	$ 1,173	$ 1,158
Amortization of external capital contributions			29	29	29
Direct Expenses:					
Other expenses		(637)	(313)	(950)	(881)
Amortization		(2)	(29)	(31)	(32)
Excess of revenue over expenses	$ 203	($ 2)	$ 223	$ 221	$ 274

Ancillary operations consist of the sale of goods and services that are not related to the direct provision of health services. Other Ancillary Operations include rental operations (RRC building), supported independent living (Bow Island) and parking operations (Medicine Hat).

PALLISER HEALTH AUTHORITY
Notes to the Financial Statements
March 31, 2001
(thousands of dollars)

14. Investment and Other Income

	Budget *(unaudited)*	2001	2000
Investment income		$ 1,950	$ 1,550
Other income		500	541
	$ 2,086	$ 2,450	$ 2,091

Investment income comprises interest, amortization of discounts and premiums and net gains on disposal of investments.

Other income comprises WCB compensation, rental income and miscellaneous recoveries.

15. Administration

	Budget *(unaudited)*	2001	2000
General administration		$ 2,497	$ 2,285
Finance		915	894
Personnel		910	813
Administration – contract operators (note 21)		743	704
	$ 4,938	$ 5,065	$ 4,696

16. Information Technology and We//net

	Budget *(unaudited)*	2001	2000
Alberta We//net		$ 390	$ 390
Information systems support		2,496	873
	$ 1,310	$ 2,886	$ 1,263

Alberta We//net is the province wide, strategic initiative to build a health information network. The initiative brings together a broad spectrum of health professional into multi-disciplinary teams to put information technology to work to improve the delivery of health services to all Albertans.

The Authority's contribution has been applied towards planning and pre-development activities that will produce clinical and administrative deliverables beginning in 2000/2001 or to develop applications to support We//net initiatives. In accordance with Generally Accepted Accounting Principles, all contributions to We//net have been expensed.

PALLISER HEALTH AUTHORITY
Notes to the Financial Statements
March 31, 2001
(thousands of dollars)

17. Support Services

	Budget *(unaudited)*	2001	2000
Building maintenance, operations and security		$ 6,689	$ 5,230
Education		727	639
Housekeeping		2,597	2,476
Laundry and linen		1,339	1,259
Materials management		1,560	1,467
Patient food services		3,276	3,150
Patient health records		1,134	1,025
Patient registration		966	914
Patient transportation		798	575
Other		77	75
Support services – contract operators (note 20)		3,410	3,320
	$ 21,014	$ 22,573	$ 20,130

18. Related Party – Province of Alberta

The Authority is established under the Regional Health Authorities Act. The Minister of Health and Wellness appoints the members of the Authority. Transactions between the Authority and the Province are disclosed in the Statement of Operations and in notes 11 and 12 to the financial statements.

19. Related Parties - Community Health Foundations

The Authority formed six Foundations in 1996 and has the ability to appoint two of the Authority's Members to each Foundation board.

The Foundations were incorporated under the Regional Health Authorities Act and are registered charities under the Income Tax Act. The Foundations primary activities are to raise funds for the improvement of health care services within their respective communities.

The Foundations are not consolidated in the financial statements of the Authority.

The Authority provides certain fundraising, financial services and administrative support to the Foundations. Because of the difficulty in determining its fair value, this assistance is not reported in the financial statements.

19. Related Parties - Community Health Foundations (continued)

Resources held by the Foundations at the end of the year, representing funds which must be used for specific communities, are as follows:

	Unres-tricted	Externally Restricted	2001 Total	2000 Total
Bassano & District Health Foundation	$ 28	$ 14	$ 42	$ 49
Bow Island & District Health Foundation	31	44	75	41
Brooks & District Health Foundation	83	57	140	203
Empress & District Health Foundation	9	2	11	19
Medicine Hat & District Health Foundation	2,811	347	3,158	3,165
Oyen & District Health Care Foundation	116	12	128	133
	$ 3,078	$ 476	$ 3,554	$ 3,610

Contributions received by the Authority during the year, representing the purchase of capital and non-capital items selected by the Foundations, are as follows:

	2001	2000
Bassano & District Health Foundation	$ 27	$ 17
Bow Island & District Health Foundation	12	70
Brooks & District Health Foundation	188	131
Empress & District Health Foundation	14	1
Medicine Hat & District Health Foundation	561	419
Oyen & District Health Care Foundation	28	41
	$ 830	$ 679

20. Related Parties - Voluntary and Private Health Service Contract Operators

The Authority contracts with voluntary and private health service operators to provide health services in the Region. The health service operators and the amount of the contracted health services for the year are as follows:

Facility Name				2001	2000
	Direct Authority Funding	Direct Alberta Health Funding	Approved Patient Fees & Charges	Total	Total
Central Park Lodge	$ 4,164	$ 207	$ 1,500	$ 5,871	$ 5,688
Sunnyside Nursing Home	2,954		1,200	4,154	4,018
Medicine Hat Diag. Laboratory	3,035			3,035	2,836
Private care Homes	1,244		200	1,444	537
Other	1,079			1,079	1,125
	$ 12,476	$ 207	$ 2,900	$ 15,583	$ 14,204

20. Related Parties - Voluntary and Private Health Service Contract Operators (continued)

The payments to contract operators have been reported in the following expense categories:

	2001	2000
Facility based continuing care services	$ 6,117	$ 5,792
Community and home based services	1,071	459
Diagnostic and therapeutic services	3,863	3,540
Promotion, prevention and protection services	379	389
Administration	743	704
Support services	3,410	3,320
	$ 15,583	$ 14,204

21. Pension Costs

The Authority participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equal to the Authority's annual contributions payable of $1,974 for the year ended March 31, 2001 (2000 $1,730).

At December 31, 2000, the Local Authorities Pension Plan reported an actuarial surplus of $663 million (December 31, 1999 $880 million).

22. Comparative Figures

Certain 2000 figures have been reclassified to conform to the 2001 presentation.

23. Approval of Financial Statements

These financial statements have been approved by the Authority.

PALLISER HEALTH AUTHORITY

Schedule 1

Schedule of Expenses by Object
Year ended March 31, 2001
(thousands of dollars)

	Budget *(unaudited)* *(Note 10)*	2001 Actual	2000 Actual
Salaries, benefits, allowances & severance (schedule 2)		$70,035	$64,522
Contracts with health service operators (note 20)		15,583	14,204
Drugs, gases, medical and surgical supplies		5,561	5,067
Consulting services		284	209
Other expenses		14,974	11,585
Amortization:			
Capital equipment - internally funded		1,433	1,343
Capital equipment - externally funded		762	574
Facilities and improvements		3,232	3,200
Less amounts reported in ancillary operations (note 13)		(981)	(913)
	$109,391	$110,883	$99,791

PALLISER HEALTH AUTHORITY

Schedule 2(a)

Schedule of Salaries, Honoraria, Benefits, Allowances and Severance
Year ended March 31, 2001
(thousands of dollars)

	2001						2000				
	FTE *(a)*	Salaries and Honoraria (b)	Benefits and Allowances (c)	Sever-ance (d)	Total	Average salaries & benefits	*FTE* *(a)*	Salaries, Benefits & Allowances (b) (c)	Sever-ance (d)	Total	Average salaries & benefits
Authority / Board Compensation:											
John Bokstayn (Chair)		$24			$24			$27		$27	
Larry Gillespie		9			9			9		9	
Jim Hern		12			12			8		8	
Leo Hill		8			8			9		9	
Albert McFadyen		12			12			8		8	
Len Mitzel		11			11			9		9	
Leva Olstad		10			10			9		9	
Dorothy Pairy		10			10			10		10	
Audrey Redmond		9			9					0	
Lynne Sangster		9			9			6		6	
Ken Sauer		8			8			8		8	
Carol Secondiak		9			9			9		9	
Noel Sharp		8			8			10		10	
Ann Zukowski		9			9			10		10	
		$148			$148			$132		$132	
Staff:											
President / Chief Executive Officer	*1.0*	130	21		151		*1.0*	143		143	
Senior Vice President Health Services	*1.0*	122	19		141		*1.0*	122		122	
Vice President Corporate / Support Services	*1.0*	108	18		126		*1.0*	114		114	
Vice President Community Development & Health Promotion	*1.0*	91	17		108		*1.0*	100		100	
Regional Chief of Staff	*1.2*	296			296		*1.0*	209		209	
Other Management reporting to those above	*25*	1,778	297		2,075	$83	*25*	1,864		1,864	$75
Other Management	*40*	2,582	431		3,013	$75	*44*	2,982		2,982	$68
Medical Staff not included above (b)		2,566			2,566			2,414		2,414	
Regulated Nurses not included above	*492*	24,504	4,092		28,596	$58	*479*	26,200		26,200	$55
Other Health Technical & Professional	*153*	7,822	1,306		9,128	$60	*154*	8,580		8,580	$56
Unregulated Health Service Providers	*181*	4,727	789		5,516	$30	*186*	5,213		5,213	$28
Other Staff	*519*	15,571	2,600		18,171	$35	*489*	16,449		16,449	$34
	1415	$60,445	$9,590	$0	$70,035		*1382*	$64,522	$0	$64,522	

The accompanying notes (a) to (e) are part of this Schedule

PALLISER HEALTH AUTHORITY

Schedule 2(b)

Schedule of Salaries, Honoraria, Benefits, Allowances and Severance - Notes
Year ended March 31, 2001
(thousands of dollars)

(a) FTE

Full time equivalent (FTE) has been determined at the rate of 2,023 annual hours for each full time employee.

Full time equivalent for Authority Members has not been calculated as these individuals are remunerated on a stipend basis.

Full time equivalent for Medical Doctors has not been calculated as these individuals are principally remunerated for services rendered on a non-hourly basis.

The total actual discrete number of individuals employed during the year was 2,268 (1999 - 2,167).

(b) Salaries and Honoraria

Salaries and honoraria include regular base pay, overtime, lumpsum payments, shift differential, honoraria, sick leave, vacation leave and other remuneration.

Medical doctors' salaries represent payments for administrative and medical services. These include fees for medical interpretation, assessment and procedures and payments for departmental administration and teaching.

(c) Benefits and Allowances

Benefits and allowances represent employer contributions or payments made on behalf of employees including:

- Employment insurance
- Canada pension plan
- Provincial pension plan
- Workers compensation
- Health and dental coverage
- Long term and short term disability plans
- Accidental death and dismemberment plans
- Group life insurance

Benefits and allowances also includes the value of the difference between vacation days earned and vacation days taken during the year.

(d) Severance

Severance includes all amounts paid directly or indirectly to individuals upon termination, which are not included in salaries, honoraria, benefits and allowances.

PALLISER HEALTH AUTHORITY

Schedule 3

Three Year Summary of Revenue and Expenses
Year ended March 31, 2001
(thousands of dollars)

	2001	2000	1999
Revenue:			
Alberta Health and Wellness contributions	$91,926	$84,492	$75,566
Other government contributions	2,909	2,135	2,049
Fees and charges	10,144	10,419	9,976
Ancillary operations, net	221	274	255
Donations	264	319	289
Investment and other income	2,450	2,091	2,048
Amortization of external capital contributions	3,965	3,745	3,725
	111,879	103,475	93,908
Expenses:			
Facility-based inpatient acute services	26,565	24,162	22,812
Facility-based emergency and outpatient services	4,797	4,124	3,725
Facility-based continuing care services	16,759	16,141	15,183
Community and home based services	6,819	5,362	4,731
Diagnostic and therapeutic services	19,283	17,393	16,541
Promotion, prevention and protection services	2,933	2,691	2,426
Administration	5,065	4,696	4,324
Information technology and Wellnet	2,886	1,263	1,182
Year 2000 remedial costs	0	658	1,007
Support services	22,573	20,130	19,353
Amortization of facilities and improvements	3,203	3,171	3,164
	110,883	99,791	94,448
Excess (deficiency) of revenue over expenses	$996	$3,684	($540)
	A	B	

Footnote A - Excess of Revenue over Expenses for 2001 of $996
The excess of revenue over expenses is principally a result of unanticipated delays in the commencement of the new Geriatric Assessment Program and the additional Southridge Village continuing care beds.

Footnote B - Excess of Revenue over Expenses for 2000 of $3,684
The excess of revenue over expenses includes additional unrestricted Alberta Health and Wellness funding received in the latter part of the fiscal year of $3,727. The deficiency of revenue over expenses before the additional funding was $43.

Headwaters Health Authority

Financial Statements

March 31, 2001

HEADWATERS HEALTH AUTHORITY

FINANCIAL STATEMENTS

MARCH 31, 2001

Auditor's Report

Statement of Management Responsibility

Statement of Financial Position

Statement of Operations

Statement of Changes in Net Assets

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Schedule 2 – Schedule of Salaries, Honoraria, Benefits, Allowances and Severance

Schedule 3 – Three-Year Summary of Revenue and Expenses

AUDITOR
GENERAL
Alberta

AUDITOR'S REPORT

To the Members of the Headwaters Health Authority
and the Minister of Health and Wellness

I have audited the statement of financial position of the Headwaters Health Authority ("the Authority") as at March 31, 2001 and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2001 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Peter Valentine FCA
Auditor General

Edmonton, Alberta
June 8, 2001

HEADWATERS HEALTH AUTHORITY
STATEMENT OF MANAGEMENT RESPONSIBILITY
MARCH 31, 2001

The accompanying financial statements are the responsibility of management and have been approved by the Authority. The financial statements were prepared in accordance with generally accepted accounting principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgements.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation and are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority has established a code of ethics and corporate directives, which require communication of the code to employees.

The Authority members carry out their responsibility for the financial statements through the Corporate Services Committee. This committee meets with management and the external auditor, the Auditor General of Alberta, to discuss and review financial matters, and recommends the financial statements to the Headwaters Health Authority Board for approval. The Auditor General has full and free access to the Corporate Services Committee.

The Auditor General of Alberta provides an independent audit of the financial statements. His examination is conducted in accordance with generally accepted auditing standards and includes tests and other procedures, which allow him to report on the fairness of the financial statements prepared by management.

Dwight Nelson
Chief Executive Officer

Barb Hambly
Barb Hambly, CMA
Chief Financial Officer

HEADWATERS HEALTH AUTHORITY
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2001
(thousands of dollars)

	2001	2000 (as restated) (Note 3)
ASSETS		
Current:		
Cash	$5,610	$4,769
Accounts receivable (Note 4)	793	765
Inventories	822	731
Prepaid expenses	353	251
	7,578	6,516
Non-current assets (Note 5)	3,245	3,131
Capital assets (Note 6)	33,940	35,221
	$44,763	$44,868
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable	$3,143	$2,725
Accrued vacation pay	2,464	2,064
Deferred contributions (Note 8)	1,387	758
	6,994	5,547
Deferred capital contributions (Note 9)	1,878	1,395
Unamortized external capital contributions (Note 10)	28,499	30,271
	37,371	37,213
Net assets:		
Unrestricted (Note 11)	113	364
Internally restricted (Notes 11 and 12)	1,838	2,341
Investment in capital assets	5,441	4,950
	7,392	7,655
	$44,763	$44,868

The accompanying notes and schedules are part of these financial statements.

HEADWATERS HEALTH AUTHORITY
STATEMENT OF OPERATIONS
MARCH 31, 2001
(thousands of dollars)

	2001		2000
	Budget (Note 13)	Actual	Actual (as restated) (Note 3)
Revenue:			
Alberta Health and Wellness contributions (Note 14)	$52,850	$52,852	$49,806
Other government contributions (Note 15)	1,753	2,664	1,606
Fees and charges	6,943	6,981	6,886
Ancillary operations, net (Note 16)	120	111	129
Donations	238	440	297
Investment and other income (Note 17)	1,195	1,740	1,569
Amortization of external capital contributions (Note 10)	2,184	2,284	2,103
	65,283	67,072	62,396
Expenses (Schedule 1):			
Facility based inpatient acute services	10,425	11,151	9,779
Facility based emergency and outpatient services	2,989	3,297	2,835
Facility based continuing care services	9,936	10,011	9,353
Community and home based services	5,495	4,752	3,952
Diagnostic and therapeutic services	10,655	11,004	10,105
Promotion, prevention and protection services	2,843	2,917	2,696
Administration (Note 18)	4,504	4,129	3,676
Information technology and alberta we//net (Note 19)	1,370	1,921	919
Y2K remedial costs	-	-	168
Support services (Note 20)	15,523	16,155	14,343
Amortization of facilities and improvements	1,929	1,998	1,961
	65,669	67,335	59,787
Excess (deficiency) of revenue over expenses	$(386)	$(263)	$2,609

HEADWATERS HEALTH AUTHORITY
STATEMENT OF CASH FLOWS
MARCH 31, 2001
(thousands of dollars)

	2001		2000
	Budget (Note 13)	Actual	Actual (as restated) (Note 3)
Operating Activities:			
Excess (deficiency) of revenue over expenses	$(386)	$(263)	$2,609
Non-cash transactions:			
Amortization of capital assets:			
Equipment – internally funded	592	512	359
Equipment – externally funded	388	295	292
Facilities & improvements – internally funded	-	85	126
Facilities & improvements – externally funded	1,929	1,913	1,835
Write off of equipment	-	220	-
Amortization of external capital contributions (Note 10)	(2,208)	(2,308)	(2,127)
	315	454	3,094
Changes in non-cash working capital (Note 21)	-	1,226	(966)
Cash generated from operations	315	1,680	2,128
Investing activities:			
Purchase of capital assets:			
Equipment – internally funded	(1,560)	(1,208)	(1,048)
Equipment – externally funded	(1,060)	(514)	(279)
Equipment – externally funded (Y2K remedial)	-	-	(752)
Facilities & improvements – externally funded	-	(22)	(143)
Net change in non-current assets	1,800	(114)	(2,768)
Cash used by investing activities	(820)	(1,858)	(4,990)
Financing activities:			
Capital contributions received (Note 9)	340	1,019	2,569
Cash generated from financing activities	340	1,019	2,569
Increase (decrease) in cash	$(165)	841	(293)
Cash, beginning of year		4,769	5,062
Cash, end of year		$5,610	$4,769

HEADWATERS HEALTH AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
MARCH 31, 2001
(thousands of dollars)

	2001				2000 (as restated - Note 3)			
	Unrestricted (Note 11)	Internally Restricted (Note 12)	Invested in Capital Assets	Total	Unrestricted (Note 11)	Internally Restricted (Note 12)	Invested in Capital Assets	Total
Excess (deficiency) of revenue over expenses	$(263)	$-	$-	$(263)	$2,609	$-	$-	$2,609
Capital assets purchased with internal funds	(1,208)	-	1,208	-	(1,048)	-	1,048	-
Amortization of internally funded capital assets	717	-	(717)	-	485	-	(485)	-
Net change	(754)	-	491	(263)	2,046	-	563	2,609
Transfers for internal restrictions	503	(503)	-	-	(1,870)	1,870	-	-
Balance, beginning of year	364	2,341	4,950	7,655	188	471	4,387	5,046
Balance, end of year	$113	$1,838	$5,441	$7,392	$364	$2,341	$4,950	$7,655

HEADWATERS HEALTH AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2001
(thousands of dollars)

Note 1 Authority, Purpose and Operations

Headwaters Health Authority (the "Authority") was established on June 24, 1994 under the authority of the Regional Health Authority Act, Chapter R-9.07, and Statutes of Alberta 1994. The Authority is exempt from the payment of income tax and is also a registered charity under the Income Tax Act.

The Authority is responsible for the delivery of appropriate, accessible and affordable health services in Alberta. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental wellbeing.

The operations of the Authority include the following facilities and sites:

- Canmore General and Auxiliary Hospital
- Claresholm General Hospital
- High River General and Auxiliary Hospital and Nursing Home
- Little Bow Auxiliary Hospital
- Oilfields General Hospital
- Vulcan Community Health Centre
- Willow Creek Auxiliary Hospital
- Banff Health Unit
- Canmore Health Unit
- Claresholm Health Unit
- High River Health Unit
- Nanton Health Unit
- Okotoks Health Unit

These financial statements do not include the assets, liabilities and operations of any voluntary or private facilities providing health services in the region. Information on these facilities is disclosed in Note 22 (c).

Note 2 Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with generally accepted accounting principles and the reporting requirements of Financial Directive 18 issued by Alberta Health and Wellness. The following are the significant accounting policies:

(a) Revenue Recognition:

These financial statements have been prepared using the deferral method, the key elements of which are:

(1) Unrestricted operating grants and other contributions are recognized as revenue in the year they become receivable.

(2) Externally restricted non-capital contributions are deferred and recognized as revenue in the year when related expenses are incurred.

(3) Externally restricted capital contributions are recorded as deferred capital contributions until the amount is expended on capital assets. Amounts expended representing externally funded capital assets are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

(4) Restricted contributions for the purchase of capital assets which will not be amortized are recorded as direct increases to net assets.

(5) Unrestricted investment income is recognized in the year it is earned.

(6) Investment income subject to external restrictions is, depending on the nature of the restrictions, recorded as a direct increase to net assets, or is deferred and recognized as revenue in the year the related expenses are incurred.

(7) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(b) Full cost

The Authority accounts for all costs and revenue related to services carried out for which it is responsible.

The fair value of costs of services is recorded. The fair value transactions recorded consist of the following:

(i) Revenue earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges is recorded as fees and charges of the Authority. An equivalent amount is recorded as contracted health service operator expense of the Authority.

(ii) Payments made by Alberta Health and Wellness directly to contracted health service operators are recorded as revenue and an equivalent amount is recorded as program expenses as these payments represent part of the cost of the Authority's health programs.

(iii) The fair value for use of acute care facilities not owned by the Authority is recorded as revenue from other government contributions or donations, and is recorded as program expenses, since contract payments from the Authority do not include an amount for the use of these facilities.

(iv) The fair value for the use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expenses.

(v) Other assets, supplies and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers contribute a significant amount of time each year to assist the Authority in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenue and expenses in these financial statements because fair value cannot be reasonably determined.

(c) Employee Future Benefits

The Authority participates in the Local Authorities Pension Plan which is a multi-employer defined benefit pension plan that provides pensions for the Authority's participating employees, based on years of service and earnings.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Authority has insufficient information to apply defined benefit plan accounting.

Pension costs included in these financial statements comprise the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plans. The Authority's portion of the pension plan's deficit or surplus is not recorded by the Authority.

The Authority also participates in a defined contribution pension plan for employees at one facility.

The Authority fully accrues its obligations for employee non-pension future benefits.

(d) Financial Instruments

The carrying value of accounts receivable, accounts payable and accrued vacation pay

approximates their fair value because of the short-term maturities of these items.

(e) Inventories

Inventories are valued at the lower of cost (FIFO) and net realizable value.

(f) Capital Assets

Capital assets are recorded at cost. Purchases less than $5,000 are expensed. Capital assets are amortized over their estimated useful lives on a straight-line basis:

	Useful Life
Land improvements	20 years
Buildings	40 years
Building service equipment	20 years
Furniture, equipment and software	5-20 years

Amortization of software under development will commence when it is available for use.

(g) Trust Funds Received by the Authority for Non-owned Facilities

The Authority receives trust funds from Alberta Infrastructure that are to be paid to operators of non-owned facilities for capital purposes or facility repairs. These amounts are not reflected in these financial statements but are disclosed in Note 25.

(h) Measurement Uncertainty

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. The amounts recorded for amortization of capital assets and amortization of external capital contributions are based on estimates of the useful life of the related assets. The effect, on the financial statements, of changes in such estimates in future periods could be significant.

Note 3 Change in Accounting Policy

Pension plan obligation

The Authority has changed its method of accounting for its participation in multi-employer defined benefit pension plans. The Authority now records pension expense equivalent to its annual contributions payable during the year. The Authority's portion of the pension plan's deficit or surplus is not recorded by the Authority. This change in accounting policy has been applied retroactively with restatement of comparative amounts. As a result of the change in accounting policy, the Authority's financial statements for the year ended March 31, 2000 have been restated as follows:

	2000		
	As previously stated	Adjustment	As restated
Excess of revenue over expenses	$2,673	$(64)	$2,609
Net assets at beginning of year	$4,890	$156	$5,046
Pension liability	$92	$(92)	$-
Net assets at end of year	$7,563	$92	$7,655

Note 4 Accounts Receivable

	2001	2000
Receivable from Alberta Health and Wellness	$39	$106
Other receivables	754	659
	$793	$765

Note 5 Non-Current Assets

	2001	2000
Cash externally restricted for capital purposes	$1,195	$1,395
Receivable from Alberta Health and Wellness restricted for capital purposes	683	-
Externally restricted for capital purposes (Note 9)	1,878	1,395
Cash internally restricted for future equipment replacement (Note 12)	1,367	1,664
Other	-	72
	$3,245	$3,131
Fair value	$3,245	$3,059

Note 6 Capital Assets

	2001			2000
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$1,082	-	$1,082	$1,082
Land improvements	923	693	230	262
Buildings	72,381	44,448	27,933	29,835
Building service equipment	949	774	175	202
Furniture, equipment and software	9,458	5,076	4,382	3,599
Software under development	138	-	138	241
	$84,931	$50,991	$33,940	$35,221

Land at the Banff Health Unit has been provided to the Authority at nominal value by the Mineral Springs Hospital under a lease expiring January 30, 2028.

Capital assets have been funded from the following sources:

	2001	2000
Externally funded (unamortized external capital contributions)	$28,499	$30,271
Internally funded (invested in capital assets)	5,441	4,950
	$33,940	$35,221

Note 7 Line of Credit and Debt Limit

The Authority has an unused operating line of credit to a maximum of $1,000. A general security agreement covering accounts receivable and specific equipment has been pledged as security for the operating line of credit. Interest is charged at prime less .25%.

The debt limit of the Authority is calculated by the "percentage of base" method: for 2000 - 2001 the limit was $2,645. At March 31, 2001 there were no short or long term borrowings outstanding.

Note 8 Deferred Contributions

	2001	2000
Amounts received:		
Alberta Health and Wellness contributions	$50	$6
Other government contributions	2,754	1,101
Donations	7	-
	2,811	1,107
Less amounts transferred to:		
Deferred capital contributions (Note 9):		
Alberta Health and Wellness contributions	-	(837)
Other government contributions	-	(37)
Accounts payable	-	(151)
Less amounts recognized as revenue:		
Alberta Health and Wellness contributions (Note 14)	(15)	(180)
Other government contributions (Note 15)	(2,167)	(1,175)
Change during the year	629	(1,273)
Balance, beginning of year	758	2,031
Balance, end of year	$1,387	$758
Unspent amounts at end of year are restricted for the following purposes:		
Renovation projects	$1,269	$667
Programs	118	91
	$1,387	$758

Note 9 Deferred Capital Contributions

Deferred capital contributions balance represents amounts accounted for in accordance with the accounting policy described in Note 2(a).

	2001	2000
Amounts received:		
Alberta Health and Wellness contributions	$707	$1,437
Donations	312	258
Transferred from deferred contributions: (Note 8)		
Alberta Health and Wellness contributions	-	837
Other government contributions	-	37
	1,019	2,569
Transferred to:		
Unamortized external capital contributions (Note 10)	(536)	(1,174)
Change during the year	483	1,395
Balance, beginning of year	1,395	-
Balance, end of year	$1,878	$1,395
Unspent amounts at end of year are restricted for the following purposes:		
Diagnostic and treatment equipment	$1,203	$720
Healthy Aging Partnership Initiatives	590	590
Software	85	85
	$1,878	$1,395

Note 10 Unamortized External Capital Contributions

Unamortized external capital contributions reflect transactions accounted for in accordance with the accounting policy described in Note 2(a). The balance at end of year represents the external capital contributions that will be recognized as revenue in future years.

	2001	2000
Balance, beginning of year	$30,271	$31,224
Add amounts transferred from deferred capital contributions (Note 9)	536	1,174
Less amounts recognized as revenue:		
Statement of operations	(2,284)	(2,103)
Ancillary operations (Note 16)	(24)	(24)
Balance, end of year	$28,499	$30,271

Note 11 Unrestricted and Internally Restricted Net Assets

The balance of unrestricted and internally restricted net assets can be analyzed as follows:

	2001	2000 (as restated)
Unrestricted and internally restricted net assets at regionalization - April 1, 1995	$1,047	$1,047
Changes since regionalization:		
Cumulative operating surplus	4,106	4,369
Invested in capital assets (net of amortization)	(1,742)	(1,251)
Repayment of long-term debt	(1,460)	(1,460)
Balance	$1,951	$2,705
Unrestricted	$113	$364
Internally restricted	1,838	2,341
	$1,951	$2,705

Note 12 Internally Restricted Net Assets

Net assets internally restricted represent amounts restricted by the Authority for the following purposes:

	2001	2000
Future equipment replacement	$1,367	$1,664
Future operating projects	471	677
	$1,838	$2,341

Note 13 Budget

	Approved Budget (1)	Additional Approved Budget (2)	Category Adjust-ments (3)	Reported Budget
Revenue				
Alberta Health and Wellness contributions	$52,024	$826	$-	$52,850
Other government contributions	1,753	-	-	1,753
Fees and charges	7,478	-	(535)	6,943
Ancillary operations, net	120	-	-	120
Donations	238	-	-	238
Investment and other income	660	-	535	1,195
Amortization of external capital contributions	2,184	-	-	2,184
	64,457	826	-	65,283
Expenses				
Facility based inpatient acute services	10,346	79	-	10,425
Facility based emergency and outpatient services	2,961	28	-	2,989
Facility based continuing care services	9,671	265	-	9,936
Community and home based services	5,434	61	-	5,495
Diagnostic and therapeutic services	10,417	238	-	10,655
Promotion, prevention and protection services	2,771	72	-	2,843
Administration	4,488	16	-	4,504
Information technology and Wellnet	1,370	-	-	1,370
Y2K remedial costs	-	-	-	-
Support services	15,456	67	-	15,523
Amortization of facilities and improvements	1,929	-	-	1,929
	64,843	826	-	65,669
Excess (deficiency) of revenue over expenses	$(386)	$-	$-	$(386)

1) The Board of the Authority approved the business plan on April 18, 2000. Additional funding totalling $1,763 was announced in May and the Board approved a budget addendum on July 27, 2000. The Minister of Health and Wellness approved the business plan with budget addendum on November 1, 2000.

2) In September 2000, the Minister of Health and Wellness approved $686 of additional funding to help offset the higher than budgeted costs of negotiated union settlements.

   In November 2000, the Authority received $60 of additional funding to assist with implementing recommendations in the Long Term Care Review Policy Advisory Committee's final report.

   During the latter part of the year, the Authority received $80 of additional funding for Action for Health – Children's Initiative, pneumococcal and varicella vaccine administration costs, foldable lenses, and the archival blood record review project.

3) Categorization amendments to the Business Plan budget were done to conform to Financial Directive 18.

- On July 26, 2000 the Minister approved $8.4 million to build a new community health centre in Okotoks to provide outpatient service, urgent care and diagnostic imaging, as well as expanded community health programs. This capital project is in the preliminary planning stages. No budget amounts were adjusted.

Note 14 Alberta Health and Wellness Contributions

	2001		2000
	Budget	Actual	Actual
Base funding	$50,832	$50,834	$46,664
One time funding	1,833	1,833	2,792
Unrestricted contributions	52,665	52,667	49,456
Transferred from deferred contributions (Note 8)	15	15	180
Restricted contributions made directly by Alberta Health and Wellness to contracted operators	170	170	170
	$52,850	$52,852	$49,806

Note 15 Other Government Contributions

	2001		2000
	Budget	Actual	Actual
Alberta Infrastructure	$1,367	$1,724	$856
Other provincial and local government	-	428	292
Federal government	27	15	27
	1,394	2,167	1,175
Fair value for use of non-owned non-acute care facilities	31	31	31
Fair value for use of non-owned acute care facilities	328	466	400
	$1,753	$2,664	$1,606

Note 16 Ancillary Operations

	2001				2000
	Non-patient Food	Rental	Total	Budget	Total
Revenue	$256	$250	$506	$484	$505
Amortization of external capital contributions (Note 10)	-	24	24	24	24
Expenses	(224)	(137)	(361)	(330)	(324)
Amortization	-	(58)	(58)	(58)	(76)
Excess of revenue over expenses	$32	$79	$111	$120	$129

Note 17 Investment and Other Income

	2001		2000
	Budget	Actual	Actual
Unrestricted investment income	$301	$483	$287
Other income	360	647	710
Other income – contracted operators	534	610	572
	$1,195	$1,740	$1,569

Note 18 Administration

	2001		2000
	Budget	Actual	Actual
General administration	$1,927	$1,811	$1,586
Finance	779	818	665
Personnel	614	545	498
Administration – contracted operators	1,184	955	927
	$4,504	$4,129	$3,676

Note 19 Information Technology and alberta we/net

	2001		2000
	Budget	Actual	Actual
alberta we/net	$226	$418	$58
Information systems support	1,144	1,503	861
	$1,370	$1,921	$919

alberta we/net is the province-wide, strategic initiative to build a health information network. The initiative brings together a broad spectrum of health professionals into multi-disciplinary teams to put information technology to work to improve health service delivery to all Albertans. alberta we/net brings together doctors, nurses, regional health authorities, pharmacists, the Alberta Cancer Board, the Alberta Mental Health board, universities and faculties of medicine, a national health information institute and Alberta Health and Wellness in the planning and implementation of the network.

The Authority's contribution has been applied towards planning and pre-development activities that will produce clinical and administrative deliverables beginning in 2000-2001, and to develop applications to support we/net initiatives. In accordance with generally accepted accounting principles, $43 (2000 - $312) has been capitalized and $418 (2000 - $58) has been expensed.

Note 20 Support Services

	2001		2000
	Budget	Actual	Actual (as restated)
Building maintenance and operations	$4,137	$4,483	$3,536
Central supply	298	295	286
Communications	414	404	391
Education	358	322	269
Housekeeping	1,438	1,432	1,351
Laundry and linen	721	706	657
Materiels management	704	749	683
Patient food services	2,527	2,412	2,344
Patient health records	764	813	698
Patient registration	611	598	587
Patient transportation	802	1,037	876
Volunteer services	128	127	111
Support services - contracted operators	2,621	2,777	2,554
	$15,523	$16,155	$14,343

Note 21 Changes in Non-Cash Working Capital

	2001	2000
Accounts receivable	$(28)	$(171)
Inventories	(91)	(44)
Prepaid expenses	(102)	(199)
Accounts payable	418	516
Accrued vacation pay	400	205
Current portion of deferred contributions	629	(1,273)
	$1,226	$(966)

Note 22 Related Parties

(a) Province of Alberta

The Authority is established under the Regional Health Authority Act. The Minister of Health and Wellness appoints the members of the Authority. Transactions between the Authority and the Province are disclosed in notes 4, 8, 9, 13, 14 and 15 to the financial statements.

(b) Foundations

Controlled Foundations

The Headwaters Health Authority Foundation was established during fiscal year 1996-1997 and to date has been inactive.

Other Foundations

The Authority has significant influence in three foundations. These foundations solicit funds in the name of, and with the expressed or implicit approval of, the Authority.

All the foundations listed raise funds to benefit the Authority and other health related entities. The foundations are registered charities under the Income Tax Act.

Information on the foundations where the Authority has representation on its Board of Directors, together with financial information of these foundations is as follows:

	2001	2000
Contributions received from:		
Claresholm and District Health Foundation	$102	$-
High River District Healthcare Foundation	143	201
Oilfields Foundation	44	56
	$289	$257
Administrative support provided to:		
Claresholm and District Health Foundation	$20	$3
High River District Healthcare Foundation	88	88
Oilfields Foundation	22	20
	$130	$111
Accounts receivable from:		
Claresholm and District Health Foundation	$3	$-
High River District Healthcare Foundation	83	57
Oilfields Foundation	20	4
	$106	$61

	Externally Restricted	Unrestricted	2001 Total
Resources held at March 31, 2001			
Claresholm and District Health Foundation	$200	$14	$214
High River District Healthcare Foundation	606	138	744
Oilfields Foundation	78	8	86
	$884	$160	$1,044

Contributions include externally restricted amounts for equipment, programs, research, and education for the specific communities supported by the foundations.

(c) Voluntary and Private Health Service Operators

The Authority has an economic interest in the following voluntary and private health providers as it transfers significant resources to these entities. The Authority contracts with voluntary and private health service operators to provide health services in the Region. The health service operators and the amount of the contracted health services for the year are as follows:

	2001				2000
	Funding by the Authority	Fees and Charges and Other Income	Fair Value Adjustments	Total	Total
Voluntary general hospital	$4,707	$3,513	$665	$8,885	$8,151
Private long-term care facility	1,468	456	-	1,924	1,910
Private physiotherapy	552	-	-	552	552
Private plastics clinic	85	-	-	85	80
	$6,812	$3,969	$665	$11,446	$10,693

The voluntary and private health service operators' expenses are reported in the following expense categories:

	2001	2000
Facility based acute care services	$2,516	$2,262
Facility based emergency and outpatient services	1,191	1,075
Facility based continuing care services	1,785	1,787
Diagnostic and therapeutic services	2,222	2,088
Administration	955	927
Support Services	2,777	2,554
	$11,446	$10,693

Note 23 Surgical Services Contracts

The Authority has entered into a contract with the Banff Outpatient Surgery Centre to provide medically necessary plastic surgical services. The contract is for the period October 1, 2000 to September 30, 2001 to a maximum contract value of $75 for the twelve month period. The amount expensed from October 1, 2000 to March 31, 2001 was $43.

Note 24 Pension Costs

The Authority participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. At December 31, 2000 the Local Authorities Pension Plan reported a surplus of $883,823 (1999 - $880,358). The Authority also participates in a defined contribution pension plan for employees at one facility. The pension expense recorded in these financial statements is equivalent to the Authority's annual contributions payable.

	2001	2000
Expense related to defined benefit plan	$840	$859
Expense related to defined contribution plan	122	99
	$962	$958

Note 25 Trust Funds

The Authority receives funds in trust from Alberta Infrastructure for non-owned facilities for capital purposes and facility repairs. These amounts are not reported in these financial statements.

During the year the Authority received $472 (2000 - $134) and disbursed $577 (2000 - $693) for capital and facility repairs for non-owned facilities. The balance of funds held by the Authority is $57 (2000 - $162).

Note 26 Subsequent Event

Subsequent to the year end, the health authority boundaries were realigned by the Minister of Health and Wellness pursuant to Minister's Order #45/2001. As a result, the Authority's geographic size and population will increase, but not significantly. No operations and no assets or liabilities will be transferred. The effect for the 2001/2002 fiscal year is expected to be minimal.

Note 27 Comparative Figures

Certain comparative figures have been restated to conform to the current year presentation.

Note 28 Approval of Financial Statements

These financial statements have been approved by the Authority.

HEADWATERS HEALTH AUTHORITY
SCHEDULE OF EXPENSES BY OBJECT
MARCH 31, 2001

Schedule 1

(thousands of dollars)

	2001		2000
	Budget	Actual	Actual (as restated)
Salaries, honoraria, benefits, allowances and severance (Schedule 2)	$36,968	$36,638	$32,474
Contracts with health operators (Note 22(c))	10,518	11,446	10,693
Drugs, gases, medical and surgical supplies	1,908	2,156	1,995
Consulting services	1,687	1,775	1,771
Other	12,067	12,714	10,642
	63,148	64,729	57,575
Amortization:			
Equipment - internally funded	592	512	359
Equipment - externally funded	388	295	292
Facilities and improvements - internally funded	-	85	126
Facilities and improvements - externally funded	1,929	1,913	1,835
Write off of equipment	-	220	-
	66,057	67,754	60,187
Less amounts reported in ancillary operations (Note 16)	(388)	(419)	(400)
	$65,669	$67,335	$59,787

Schedule 2

HEADWATERS HEALTH AUTHORITY
SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE
MARCH 31, 2001

(thousands of dollars)

	2001				2000	
	Number of FTE's (1)	Salaries & Honoraria (2)	Benefits & Allowances (3)	Total	Number of FTE's (1)	Total (as restated)
Board Chair – C. Rousseau	1.00	$28	$1	$29	1.00	$35
Board Members						
I. Allen	1.00	8	1	9	1.00	10
P. Anderson	1.00	8	1	9	1.00	10
L. Boychuk	1.00	5	-	5	1.00	5
B. Dyck	1.00	10	2	12	1.00	10
M. Flanagan	1.00	10	2	12	1.00	10
M. Hammond	1.00	7	-	7	1.00	10
D. Lundgren	1.00	5	2	7	1.00	6
K. McNeil	1.00	8	-	8	1.00	9
M. Ricketts	1.00	11	2	13	1.00	11
D. Golding	0.50	2	-	2	1.00	9
Total Honoraria	10.50	102	11	113	11.00	125
Chief Executive Officer	1.00	144	14	158	1.00	149
Staff reporting to the CEO						
Community Health Services Leaders						
- Canmore	0.88	76	11	87	-	-
- Black Diamond/Okotoks	1.00	94	13	107	-	-
- High River/Nanton	1.00	86	12	98	-	-
- Vulcan/Carmangay	0.88	70	10	80	-	-
- Claresholm	1.00	88	13	101	0.67	54
Regional Health Services	0.88	78	10	88	-	-
Planning and Support Services	1.00	97	13	110	1.00	97
Human Resources	1.00	88	12	100	1.00	95
Finance and Information Management	0.92	81	12	93	1.00	83
Regional Medical Director	0.60	77	-	77	0.40	55
Community Wellness	-	-	-	-	1.00	96
Health Services	-	-	-	-	1.00	101
Strategies, Communications and Research	-	-	-	-	0.67	72
Other management reporting to those above (avg. 2001 $80 , avg. 2000 $80)	14.08	984	141	1,125	10.10	809
Other management (avg. 2001 $52, avg. 2000 $49)	80.41	3,906	273	4,179	77.15	3,803
Regulated nurses not included above (avg. 2001 $58, avg. 2000 $53)	232.78	11,556	1,903	13,459	219.74	11,746
Other health technical and professionals (avg. 2001 $58, avg. 2000 $54)	102.55	5,131	845	5,976	96.49	5,247
Unregulated health service providers (avg. 2001 $30, avg. 2000 $28)	89.07	2,317	382	2,699	87.59	2,474
Other Staff (avg. 2001 $33 , avg. 2000 $32)	242.01	6,859	1,129	7,988	233.80	7,468
	781.56	$31,834	$4,804	$36,638	743.61	$32,474

Schedule 2 (continued)

SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE

1) Full time equivalent (FTE) has been determined using 2,022.75 hours per year for all categories of employees and using 12 months of service for board members. Total actual discrete number of individuals employed during the year was 1,251 (2000 - 1,205).

2) Salaries include regular base pay, overtime, lump sum payments, honoraria and any other direct cash remuneration including sick leave, short-term disability and vacation.

3) Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, out-of-country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, unemployment insurance and workers compensation.

4) Automobiles provided to the Chief Executive Officer and one member of management are not included in the value of benefits disclosed on the schedule.

5) Severance totaling $112 (2000 - $nil) was paid to 5 staff (Regulated Nurses $90; Other Management $12; Other Staff $10).

Schedule 3

HEADWATERS HEALTH AUTHORITY
THREE YEAR SUMMARY OF REVENUE AND EXPENSES
MARCH 31, 2001
(thousands of dollars)

	Actual		
	2001	2000 (as restated)	1999 (as restated)
Revenue:			
Alberta Health and Wellness contributions	$52,852	$49,806	$43,364
Other government contributions	2,664	1,606	1,160
Fees and charges	6,981	6,886	6,977
Ancillary operations, net	111	129	34
Donations	440	297	398
Investment and other income	1,740	1,569	1,331
Amortization of external capital contributions	2,284	2,103	2,097
	67,072	62,396	55,361
Expenses:			
Facility based inpatient acute services	11,151	9,779	8,955
Facility based emergency and outpatient services	3,297	2,835	2,270
Facility based continuing care services	10,011	9,353	8,806
Community and home based services	4,752	3,952	3,370
Diagnostic and therapeutic services	11,004	10,105	9,357
Promotion, prevention and protection services	2,917	2,696	2,162
Administration	4,129	3,676	3,357
Information technology and alberta we//net	1,921	919	923
Y2K remedial costs	-	168	237
Support services	16,155	14,343	12,997
Amortization of facilities and improvements	1,998	1,961	1,959
	67,335	59,787	54,393
Excess (deficiency) of revenue over expenses	$(263)	$2,609	$968

A three year summary of revenue and expenses on a pro-forma basis has not been provided, as there have been no changes in boundaries or transfers of programs during this period. (Note 26 Subsequent Event)

Calgary Regional Health Authority

Consolidated Financial Statements

March 31, 2001

CALGARY REGIONAL HEALTH AUTHORITY

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2001

Auditor's Report

Statement of Management Responsibility for Financial Reporting

Consolidated Statement of Financial Position

Consolidated Statement of Operations

Consolidated Statement of Changes in Net Assets

Consolidated Statement of Cash Flows

Notes to the Consolidated Financial Statements

Schedule 1 – Consolidated Schedule of Expenses by Object

Schedule 2 - Consolidated Schedule of Salaries, Honoraria, Benefits, Allowances And Severance

Schedule 3 - Consolidated Three Year Summary of Revenue and Expenses

AUDITOR GENERAL
Alberta

AUDITOR'S REPORT

To the Members of the Calgary Health Region
and the Minister of Health and Wellness

I have audited the consolidated statement of financial position of the Calgary Regional Health Authority ("the Authority") as at March 31, 2001 and the consolidated statements of operations, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2001 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Peter Valentine FCA
Auditor General

Edmonton, Alberta
June 5, 2001

CALGARY REGIONAL HEALTH AUTHORITY

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2001

The accompanying consolidated financial statements are the responsibility of management and have been approved by the Authority. The consolidated financial statements were prepared in accordance with Canadian generally accepted accounting principles and the financial directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgements.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded.

The Authority members carry out their responsibility for the consolidated financial statements through the Finance and Corporate Accountability Committee. This Committee meets with management and the Auditor General of Alberta to discuss and review financial matters, and recommends the consolidated financial statements to the Calgary Regional Health Authority Board for approval. The Auditor General of Alberta has full and free access to the Finance and Corporate Accountability Committee.

The Auditor General of Alberta provides an independent audit of the consolidated financial statements. His examination is conducted in accordance with Canadian generally accepted auditing standards and includes tests and other procedures, which allow him to report on the fairness of the consolidated financial statements prepared by management.

Kay Best

Jack Davis
Chief Executive Officer

Kay Best
Vice President, Corporate Services & Chief Financial Officer

CALGARY REGIONAL HEALTH AUTHORITY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31, 2001
(thousands of dollars)

	2001	2000 Restated (Note 3)
ASSETS		
Current		
Cash and temporary investments (Note 4)	$ 139,514	$ 121,791
Accounts receivable	25,722	23,917
Contributions receivable	7,950	13,280
Inventories	12,303	10,205
Prepaid expenses	3,932	1,770
	189,421	170,963
Non-current cash and investments (Note 4)	81,304	25,870
Capital contributions receivable (Note 10)	63,844	-
Contributions receivable restricted for non-current use (Note 24)	-	33,200
Capital assets (Note 5)	575,060	570,761
Other assets	494	114
TOTAL ASSETS	$ 910,123	$ 800,908
LIABILITIES AND NET ASSETS		
Current		
Accounts payable	$ 83,461	$ 68,554
Accrued vacation pay	43,982	37,222
Current portion of deferred contributions (Note 6)	17,392	11,547
Current portion of obligation under capital leases (Note 8)	236	222
	145,071	117,545
Deferred contributions (Note 6)	33,941	33,200
Deferred capital contributions (Note 7)	108,757	25,020
Obligation under capital leases (Note 8)	252	488
Long-term employee benefit liabilities	13,707	12,805
Unamortized external capital contributions (Note 11)	484,808	489,621
	786,536	678,679
Net Assets		
Unrestricted (Note 12)	31,373	39,199
Internally restricted (Note 12)	2,450	2,600
Investment in capital assets	89,764	80,430
Operating net assets	123,587	122,229
TOTAL LIABILITIES AND NET ASSETS	$ 910,123	$ 800,908

The accompanying notes and schedules are part of these consolidated financial statements.

CALGARY REGIONAL HEALTH AUTHORITY

CONSOLIDATED STATEMENT OF OPERATIONS

MARCH 31, 2001
(thousands of dollars)

	2001		2000 Restated (Note 3)
	Budget (Note 13)	Actual	Actual [a]
Revenue			
Alberta Health and Wellness contributions (Note 14)	$ 1,067,559	$ 1,073,684	$ 1,030,183
Other government contributions (Note 15)	16,093	16,985	13,302
Fees and charges	87,696	89,415	88,474
Ancillary operations, net (Note 16)	9,495	9,299	10,303
Donations	5,273	4,833	5,755
Investment and other income (Note 17)	26,374	37,379	31,392
Amortization of external capital contributions (Note 11)	44,710	34,331	32,216
TOTAL REVENUE	1,257,200	1,265,926	1,211,625
Expenses (Schedule 1)			
Facility-based inpatient acute services	332,248	335,159	296,990
Facility-based emergency and outpatient services	149,603	149,386	124,726
Facility-based continuing care services	143,143	146,790	140,486
Community and home based services	87,822	80,307	61,270
Diagnostic and therapeutic services	265,844	257,733	232,386
Promotion, prevention and protection services	25,864	27,185	23,162
Research and education	15,941	16,708	15,543
Administration (Note 18)	55,416	51,868	44,519
Information technology and alberta we net (Note 19)	31,916	35,621	35,186
Support services (Note 20)	143,726	145,643	135,309
Amortization of facilities and improvements	20,820	18,168	18,617
TOTAL EXPENSES	1,272,343	1,264,568	1,128,194
Excess (deficiency) of revenue over expense	$ (15,143)	$ 1,358	$ 83,431

(a) Excess of revenue over expense included one time funding of $92,914 ($33,400 one time per capita, $40,514 deficit elimination and $19,000 one time province wide services) received in December 1999. If this funding had not been received the deficiency of revenue over expense would have been $9,483.

The accompanying notes and schedules are part of these consolidated financial statements.

CALGARY REGIONAL HEALTH AUTHORITY

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2001
(thousands of dollars)

	2001				2000
					Restated (Note 3)
	Unrestricted (Note 12)	Internally Restricted (Note 12)	Invested In Capital Assets	Total	Total
Excess of revenue over expenses	$ 1,358	$ -	$ -	$ 1,358	$ 83,431
Capital assets purchased with internal funds	(21,043)	(1,749)	22,792	-	-
Amortization on internally funded capital assets	13,680	-	(13,680)	-	-
Repayment of obligation under capital leases	(222)	-	222	-	-
Net change	(6,227)	(1,749)	9,334	1,358	83,431
Transfer to internally restricted	(1,599)	1,599	-	-	-
Balance, beginning of year	39,199	2,600	80,430	122,229	38,798
Balance, end of year	$ 31,373	$ 2,450	$ 89,764	$ 123,587	$ 122,229

The accompanying notes and schedules are part of these consolidated financial statements.

CALGARY REGIONAL HEALTH AUTHORITY

CONSOLIDATED STATEMENT OF CASH FLOWS

MARCH 31, 2001
(thousands of dollars)

	2001		2000
	Budget	Actual	Actual Restated (Note 3)
Cash generated from (used by):			
Operating activities			
Excess (deficiency) of revenue over expense	$ (15,143)	$ 1,358	$ 83,431
Non-cash transactions:			
Amortization of capital equipment - internally funded	6,250	11,965	6,141
- externally funded	27,775	17,172	17,951
Amortization of facilities and improvements including ancillary	21,600	18,874	19,240
Amortization of external capital contributions	(44,710)	(34,331)	(32,216)
Increase (decrease) in non-current deferred contributions	(80)	33,941	-
Increase in long-term employee benefit liabilities	-	902	1,527
	(4,308)	49,881	96,074
Changes in non-cash working capital accounts (Note 21)	67	26,777	(25,745)
Cash generated by (used by) operations	(4,241)	76,658	70,329
Investing activities			
Purchase of capital assets:			
Internally funded			
- equipment	(28,238)	(20,493)	(9,361)
- facilities and improvements	(7,200)	(2,299)	(4,208)
Externally funded			
- equipment	(27,423)	(22,316)	(47,520)
- facilities and improvements	(62,248)	(7,202)	(11,903)
Net change in non-current cash and investments	(23,750)	(55,434)	(8,168)
Increase in other assets	-	(380)	-
Cash used by investing activities	(148,859)	(108,124)	(81,160)
Financing activities			
Capital contributions received, net of refunds (Note 7)	114,236	49,411	66,742
Decrease in obligation under capital leases	(135)	(222)	(209)
Cash generated by financing activities	114,101	49,189	66,533
Increase (decrease) in current cash and temporary investments	(38,999)	17,723	55,702
Current cash and temporary investments, beginning of year	121,791	121,791	66,089
Current cash and temporary investments, end of year	$ 82,792	$ 139,514	$ 121,791

The accompanying notes and schedules are part of these consolidated financial statements.

CALGARY REGIONAL HEALTH AUTHORITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2001

Note 1 Authority, Purpose and Operations

The Calgary Regional Health Authority (the "Authority") was established June 24, 1994 under the authority of the Regional Health Authorities Act, Chapter R-9.07, Statutes of Alberta, 1994. The Authority is exempt from payment of income tax and is also a registered charity under the Income Tax Act.

The Authority is responsible for delivering appropriate, accessible and affordable health services in Alberta. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental wellbeing.

Operations of the Authority include the following facilities and sites:

- Alberta Children's Hospital
- Colonel Belcher Hospital
- Cross Bow Auxiliary Hospital
- Dr. Vernon Fanning Extended Care Centre
- Foothills Hospital
- George Boyack Nursing Home
- Glenmore Park Auxiliary Hospital
- Peter Lougheed Centre
- Rockyview General Hospital
- Royal Park
- Signal Pointe
- Sarcee Auxiliary Hospital and Nursing Home
- 8th and 8th Community Centre, Airdrie Regional Health Centre and sixteen other community health centres in the Region
- Home care services
- Long term care services through voluntary and private agencies
- Provincial Laboratory for Southern Alberta

These financial statements do not include the assets, liabilities and operations of any voluntary or private facilities providing health care services in the region. Certain information on these facilities is disclosed in Note 22(c).

Note 2 Significant Accounting Policies and Reporting Practices

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and the reporting requirements of Financial Directive 18 issued by Alberta Health and Wellness. The following are the significant accounting policies:

(a) Basis of Presentation

(1) These financial statements have been prepared on a consolidated basis, except that Foundations are not consolidated. Information on Foundations is disclosed in Note 22(b).

The Authority consolidates the Calgary Regional Health Authority and its wholly owned subsidiary Carewest and proportionately consolidates its 49.99% interest in Calgary Laboratory Services.

(2) These financial statements have been prepared using the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year received or receivable.

(ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year when related expenses are incurred.

(iii) Externally restricted capital contributions are recorded as deferred contributions until the amount is invested in capital assets. Amounts invested representing externally funded capital assets are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

(iv) Restricted contributions for the purchase of capital assets which will not be amortized are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year it is earned.

(vi) Investment income subject to external restrictions is, depending on the nature of the restriction, recorded as a direct increase to net assets, or is deferred and recognized as revenue in the year the related expenses are incurred.

(vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(b) Full Cost

The Authority accounts for all costs and revenues related to services carried out for which it is responsible.

The fair value of costs of service is recorded. Fair value transactions as recorded consist of the following:

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(b) Full Cost (continued)

(i) Revenue earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as fees and charges of the Authority. An equivalent amount is recorded as contracted health service operator expense of the Authority.

(ii) Payments from Alberta Health and Wellness directly to contracted health service operators for health programs are recorded as revenue and an equivalent amount recorded as program expenses as these payments represent part of the cost of the Authority's health programs.

(iii) Other assets, supplies and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers contribute a significant amount of time each year to assist the Authority in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenue and expenses in these financial statements because fair value cannot be reasonably determined.

(c) Employee Future Benefits

The Authority participates in the Local Authorities Pension Plan. This is a multi-employer defined benefit pension plan that provides pensions for the Authority's participating employees, based on years of service and earnings.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the authority has insufficient information to apply defined benefit plan accounting.

Pension costs included in these financial statements comprise the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plan. The Authority's portion of the pension plan's deficit or surplus is not recorded by the Authority.

The Authority fully accrues its obligations for employee non-pension future benefits.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(d) Investments

Temporary investments are recorded at lower of cost and market.

Non-current investments are recorded at cost. Cost includes the amount of applicable amortization of discount or premium using the straight-line method over the period to maturity. The cost of disposal is determined on the average cost basis. Gains or losses realized on disposal are recognized in the period of disposal.

Where there has been a loss in the value of an investment other than a temporary decline, the investment is written down to recognize the loss. The written down value is deemed to be the new cost.

(e) Financial Instruments

The carrying value of cash, accounts receivable, contributions receivable, accounts payable and accrued liabilities approximates their fair value because of the short-term maturity of these items.

The carrying value of obligations under capital leases approximates their fair values because the interest rates approximate current market values.

(f) Inventories

Inventories are valued at the lower of cost and net replacement value.

(g) Capital Assets

Capital assets including construction in progress are recorded at cost. Capital assets costing less than $5,000 are expensed.

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

Buildings and improvements	20 - 40 years
Equipment	5 - 20 years
Leased buildings	term of lease
Land improvements	10 years
Building service equipment	20 - 40 years

Construction projects in progress are not amortized until the project is complete.

Leases transferring substantially all of the benefits and risks of ownership of capital assets to the Authority are accounted for as acquisitions of capital assets financed by long-term obligations.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(h) Trust Funds Received by the Authority for Non-Owned Facilities

The Authority receives trust funds from Alberta Infrastructure that are to be paid to operators of non-owned facilities for capital purposes or facility repairs. These amounts are not reflected in these financial statements but are disclosed in Note 25.

(i) Measurement Uncertainty

The financial statements by their nature, contain estimates and are subject to measurement uncertainty. The amounts recorded for amortization of capital assets and amortization of external capital contributions are based on estimated useful life of the related assets. Actual results could differ from these estimates.

Note 3 Change in Accounting Policy

Pension Obligation

During the year, the CICA issued Section 3641 – Employee Future Benefits, which is effective for fiscal years beginning on or after January 1, 2000. Accordingly, the Authority has changed its method of accounting for its participation in its multi-employer defined benefit pension plan. The Authority now records pension expense equivalent to its annual contributions payable during the year. The Authority's portion of the pension plan's deficit or surplus is not recorded by the Authority. This change in accounting policy has been applied retroactively with restatement of comparative amounts. As a result of the change in accounting policy, the Authority's financial statements for the year ended March 31, 2000 have been restated as follows:

	2000		
	As Previously Stated	Adjustment	As Restated
		(thousands of dollars)	
Net assets at beginning of year	$ 37,254	$ 1,544	$ 38,798
Excess of revenue over expense	83,092	339	83,431
Net assets at end of year	$ 120,346	$ 1,883	$ 122,229
Pension liability	$ 1,883	$ (1,883)	$ -

Note 4 Cash and Investments

	2001	2000
	(thousands of dollars)	
Cash	$ 47,214	$ 20,677
Equities	24,709	2,216
Bonds	65,261	17,902
T-Bills, commercial paper and discount notes	83,634	106,866
Total	$ 220,818	$ 147,661
Analysis:		
Current	$ 139,514	$ 121,791
Non-current	81,304	25,870
	$ 220,818	$ 147,661
Fair value of current and non-current cash and investments	$ 223,015	$ 148,606

(i) Equities comprise publicly traded equities in the major stock markets. Risk is managed by security selection and sector rotation.

(ii) Publicly traded fixed-income instruments are managed with the objective of providing optimal returns while maintaining maximum security of capital. Return is optimized within risk constraints on the portfolio by management of portfolio duration and issuer mix. Fixed-income securities are invested in bonds with a rating of A or higher.

The bonds bear interest at an average rate of 6.17%. The effective yield of 6.15% on these securities is based on the carrying value at March 31, 2001. The bonds mature between one and twenty-two years and have the following term structure:

Under 1 year	0%
1 – 5 years	28.87%
5 – 10 years	59.09%
Over 10 years	12.04%

(iii) T-bills, commercial paper and discount notes mature between one day and three months and bear interest at an average rate of 5.00%. The effective yield on these securities based on the carrying value at March 31, 2001 was 5.00%. Such financial instruments are limited to a rating of R-1, commercial paper A-1 and R-1 middle or equivalent rated for the balance.

Note 4 Cash and Investments (continued)

(iv) Cash and temporary investments represent amounts held for current purposes. Income and financial returns are exposed to credit and price risks. Credit risk relates to the possibility that a loss may occur from the failure of another party to perform according to the terms of the contract. Price risk is comprised of interest rate risk and market risk. Interest rate risk relates to the possibility that the investments will change in value due to the future fluctuations in market interest rates. Market risk relates to the possibility that the investments will change in value due to future fluctuations in market prices.

In order to earn optimal financial returns at an acceptable level of risk, management has established a policy asset mix of 0% to 80% for fixed income instruments and 0% to 50% for equities. Non-Canadian equities are further limited to a range between 0% to 10% of the total portfolio. Risk is reduced through asset class diversification, diversification within each asset class and quality constraints on fixed-income and equity instruments.

(v) Non-current cash and investments represent the following:

	2001	2000
	(thousands of dollars)	
Externally restricted for capital acquisitions	$ 47,363	$ 25,870
Externally restricted for long-term care partnerships (1)	33,941	-
	$ 81,304	$ 25,870

(1) Amounts invested under the terms of long-term care partnership agreements will be utilized to fund future payments to operators over the next 30 years. These payments have a net present value of $33.2 million at March 31, 2001. The Authority is subject to risk in that the invested amounts may not earn a rate of return adequate to meet the payments as they become due. The investments have a market value at March 31, 2001 of $33.7 million.

Note 5 Capital Assets

	2001			2000
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
		(thousands of dollars)		
Buildings and improvements	$ 542,735	$ 200,795	$ 341,940	$ 346,721
Equipment	303,523	165,689	137,834	127,644
Leased buildings	80,714	25,560	55,154	57,173
Construction in progress	14,254	-	14,254	14,245
Land	15,737	-	15,737	15,577
Land improvements	5,088	2,527	2,561	2,708
Building service equipment	17,670	10,090	7,580	6,693
	$ 979,721	$ 404,661	$ 575,060	$ 570,761

Note 5 Capital Assets (continued)

(a) Land

Land at the following sites has been provided to the Authority at nominal values:

Site	Leased from	Lease Period
Alberta Children's Hospital	Province of Alberta	Expires on April 1, 2012 with an option for renewal for a further ten years.
Peter Lougheed Centre	Province of Alberta	Expires on July 28, 2008 with an option for renewal for a further ten years.

(b) Leased Equipment

Included in equipment are items acquired through capital leases at a cost of $1,183,430 (2000 - $1,183,430) with accumulated amortization of $248,792 (2000 - $129,372). Two capital leases remain which expire in March 2003 and March 2004.

(c) Funding

Capital assets have been funded from the following sources:

	2001	2000
	(thousands of dollars)	
Externally funded (unamortized external capital contributions) (Note 11)	$ 484,808	$ 489,621
Internally funded (invested in capital assets)	89,764	80,430
Financed by capital leases	488	710
	$ 575,060	$ 570,761

Note 6 Deferred Contributions

Deferred contributions represent amounts accounted for in accordance with the accounting policy described in Note 2 (a)(2).

	2001	2000
	(thousands of dollars)	
Amounts received:		
Alberta Health and Wellness contributions	$ 36,035	$ 33,374
Alberta Infrastructure	-	33,200
Alberta Mental Health Board	5,845	1,946
Other government contributions	6,498	1,168
Other income	6,260	5,004
	54,638	74,692
Amounts recognized as revenue:		
Alberta Health and Wellness contributions (Note 14)	30,257	26,980
Alberta Mental Health Board	4,997	1,903
Transferred to deferred contributions (Note 15)	717	806
Other government contributions	3,727	-
Other income (Note 17)	4,844	4,095
	(44,542)	(33,784)
Transfer of funds related to capital purchases (Note 7)	(3,510)	(33,312)
Change during the year	6,586	7,596
Balance, beginning of year	44,747	37,151
Balance, end of year	$ 51,333	$ 44,747

Unspent amounts at the end of the year are restricted for the following purposes:

	2001	2000
	(thousands of dollars)	
Current:		
Alberta Health and Wellness	$ 8,871	$ 5,757
Child health programs	2,778	2,138
Alberta Mental Health Board	690	1,003
Other	5,053	2,649
	17,392	11,547
Long-term:		
Long-term care development plan (Note 24)	33,941	33,200
	$ 51,333	$ 44,747

Note 7 Deferred Capital Contributions

Deferred capital contributions represent amounts accounted for in accordance with the accounting policy described in Note 2(a)(2).

	2001	2000
	(thousands of dollars)	
Amounts received:		
Alberta Health and Wellness contributions	$ 8,841	$ 4,517
Transferred from deferred contributions (Note 6)	3,510	33,312
Restricted other government contributions	27,555	19,440
Donations restricted for capital purposes	8,144	8,004
Other	1,554	1,614
	49,604	66,887
Capital contributions refunded	(193)	(145)
	49,411	66,742
Capital contributions receivable (Note 10)	63,844	-
Transferred to:		
Unamortized external capital contributions (Note 11)	(29,518)	(59,423)
Change during the year	83,737	7,319
Balance, beginning of year	25,020	17,701
Balance, end of year	$ 108,757	$ 25,020

Balance at end of year is restricted for the following purposes:		
Equipment replacement	$ 18,931	$ 3,865
Construction projects	89,826	21,155
	$ 108,757	$ 25,020

Note 8 Obligation Under Capital Leases

	2001	2000
	(thousands of dollars)	
Obligation under capital leases	$ 488	$ 710
Less: current portion	236	222
Long-term portion	$ 252	$ 488
Future payments for the year ended March 31:		
2002	$ 266	
2003	266	
2004	2	
Amount representing interest	(46)	
Obligation under capital leases	$ 488	

The capital leases expire in March 2003 and March 2004. The implicit interest rates payable on these leases range from 6.18% to 6.49%.

Note 9 **Pension Costs**

The Authority participates in the Local Authorities Pension Plan which is a multi-employer defined benefit plan. The pension expense recorded in these statements is equivalent to the Authority's annual contributions payable of $13,488,520 for the year end March 31, 2001 (2000 - $11,299,951).

At December 31, 2000, the Local Authorities Pension Plan reported a surplus of $883,823,000 (1999 - $880,358,000).

Note 10 **Capital Contributions Receivable**

Capital contributions receivable of $63,843,995 includes a $50,000,000 grant from Alberta Infrastructure for the construction of a new facility to replace the existing Alberta Children's Hospital and a one time grant from Alberta Health and Wellness of $13,843,995 for the purchase of high-tech diagnostic and treatment equipment.

Note 11 **Unamortized External Capital Contributions**

Unamortized external capital contributions reflect transactions accounted for in accordance with the accounting policy described in Note 2(a)(2). The balance at the end of the year represents the external capital contributions that will be recognized as revenue in future years.

	2001	2000
	(thousands of dollars)	
Balance, beginning of year	$ 489,621	$ 462,414
Add amounts transferred from deferred capital contributions (Note 7)	29,518	59,423
Less amounts recognized as revenue	(34,331)	(32,216)
	$ 484,808	$ 489,621

Note 12 **Unrestricted and Internally Restricted Net Assets**

The balance of unrestricted and internally restricted net assets can be analyzed as follows:

	2001	2000 Restated (Note 3)
	(thousands of dollars)	
Unrestricted and internally restricted net assets at regionalization - April 1, 1995	$ 30,433	$ 30,433
Changes since regionalization:		
Cumulative operating surplus	44,139	42,781
Investment in capital assets (net of amortization)	(40,749)	(31,415)
Balance	$ 33,823	$ 41,799
Unrestricted	$ 31,373	$ 39,199
Internally restricted	2,450	2,600
	$ 33,823	$ 41,799

Internal restrictions have been provided for certain Carewest initiatives.

Note 13 Budget

	Approved Budget (1)	Additional Funding (2)	Adjustments (3)	Reported Budget
		(thousands of dollars)		
Revenue				
Alberta Health and Wellness contributions	$ 1,025,786	$ 34,245	$ 7,528	$ 1,067,559
Other government contributions	14,275	-	1,818	16,093
Fees and charges	96,263	-	(8,567)	87,696
Net ancillary operations	8,992	-	503	9,495
Donations	4,104	-	1,169	5,273
Investment and other income	31,982	-	(5,608)	26,374
Amortization of deferred capital contributions	44,000	-	710	44,710
	1,225,402	34,245	(2,447)	1,257,200
Expenses				
Facility based inpatient acute services	334,057	12,154	(13,963)	332,248
Facility based emergency and outpatient services	146,434	1,500	1,669	149,603
Facility based continuing care services	152,402	29	(9,288)	143,143
Community and home based services	74,990	1,900	10,932	87,822
Diagnostic and therapeutic services	268,488	955	(3,599)	265,844
Promotion, prevention and protection services	24,246	-	1,618	25,864
Research and education	12,555	-	3,386	15,941
Administration	44,635	3,200	7,581	55,416
Information technology and alberta we/net	32,443	200	(727)	31,916
Support services	145,382	-	(1,656)	143,726
Amortization of facilities and improvements	19,220	-	1,600	20,820
	1,254,852	19,938	(2,447)	1,272,343
Excess (deficiency) of revenue over expense	$ (29,450)	$ 14,307	$ -	$ (15,143)

(1) On April 19, 2000, a budget was approved by the Board of the Authority. As a result of increased government funding, the budgeted deficit was amended to $15,143 and approved by the Board on August 25, 2000. Minister of Health and Wellness approval was granted on November 1, 2000.

Note 13 Budget (continued)

(2) On May 25, 2000 the Minister of Health and Wellness provided additional funding as follows:

Description	Amount (thousands of dollars)
Medical equipment funding	$ 13,883
Wait times for diagnostic and treatment	9,555
Dialysis management	3,000
Provider coverage in acute care facilities	3,000
Long term care review	4,428
Other	379
	$ 34,245

(3) Adjustments relate to classification changes to ensure that revenue and expenditures under budget conform to classification used for reporting actual amounts.

Note 14 Alberta Health and Wellness Contributions

	2001		2000
	Budget	Actual	Actual
		(thousands of dollars)	
Unrestricted contributions	$ 1,037,264	$ 1,042,290	$ 1,001,930
Transfers from deferred contributions (Note 6)	29,158	30,257	26,980
Restricted contributions made directly by Alberta Health and Wellness to contract operators (Note 22(c))	1,137	1,137	1,273
	$ 1,067,559	$ 1,073,684	$ 1,030,183

Note 15 Other Government Contributions

	2001		2000
	Budget	Actual	Actual
		(thousands of dollars)	
Alberta Mental Health Board	$ 11,438	$ 9,450	$ 8,354
Alberta Cancer Board	3,717	3,715	3,479
Transferred from deferred contributions (Note 6)	-	717	806
Calgary Rockyview Child & Family Services	630	314	595
Alberta Infrastructure	-	1,479	31
Other	308	1,310	37
	$ 16,093	$ 16,985	$ 13,302

Note 16 Ancillary Operations

	2001					2000
	(thousands of dollars)					
	Non-Patient Food Services	Parking Operations	Other Ancillary	Total	Budget	Total
Revenue	$ 6,653	$ 10,870	$ 4,886	$ 22,409	$ 19,892	$ 19,409
Expenses						
Cost of goods sold	2,685	-	-	2,685	1,296	635
Amortization	137	621	1	759	840	649
Other (1)	3,472	2,963	3,231	9,666	8,261	7,822
	6,294	3,584	3,232	13,110	10,397	9,106
Excess of revenue over direct expense 2000/01	$ 359	$ 7,286	$ 1,654	$ 9,299	$ 9,495	$ 10,303
Excess of revenue over direct expense 1999/00	$ 2,467	$ 6,055	$ 1,781	$ 10,303		

(1) Where the ancillary activity is a service rather than a product, all expenses except amortization are recorded as other.

Note 17 Investment and Other Income

	2001		2000
	Budget	Actual	Actual
	(thousands of dollars)		
Transferred from deferred contributions (Note 6)	$ 994	$ 4,844	$ 4,095
Investment income	4,734	10,051	9,382
Other income	20,646	22,484	17,915
	$ 26,374	$ 37,379	$ 31,392

Investment income comprises interest, dividends, amortization of discounts and premiums and net gains on disposal of investments.

Other income includes external recoveries, sale of minor equipment, and other miscellaneous items.

Note 18 Administration

	2001		2000
	Budget	Actual	Actual Restated (Note 3)
	(thousands of dollars)		
General administration	$ 31,471	$ 25,391	$ 23,115
Finance	11,123	10,403	9,722
Personnel	11,175	13,370	9,544
Amortization	1,647	2,704	2,138
	$ 55,416	$ 51,868	$ 44,519

Note 19 Information technology and alberta we//net

	2001		2000
	Budget	Actual	Actual Restated (Note 3)
	(thousands of dollars)		
alberta we//net	$ 4,428	$ 3,331	$ 2,996
Information systems support	25,788	26,788	29,317
Amortization	1,700	5,502	2,873
	$ 31,916	$ 35,621	$ 35,186

alberta we//net is the province-wide, strategic initiative to build a health information network. The initiative brings together a broad spectrum of health professionals into multi-disciplinary teams to put information technology to work to improve health service delivery to all Albertans. alberta we//net brings together doctors, nurses, regional health authorities, pharmacists, the Alberta Cancer Board, the Alberta Mental Health Board, universities and faculties of medicine, a national health information institute and Alberta Health and Wellness in the planning and implementation of the network.

The Authority's contribution has been applied towards planning and pre-development activities that have produced clinical and administrative deliverables beginning in 2000-01, or to develop applications to support we//net initiatives. In accordance with generally accepted accounting principles, $3,331,000 have been expensed and $2,036,000 was capitalized.

Note 20 Support Services

	2001 Budget	2001 Actual	2000 Actual Restated (Note 3)
	(thousands of dollars)		
Biomedical engineering	$ 2,691	$ 2,662	$ 2,727
Building maintenance, operations and security	38,945	45,219	37,441
Communications	9,478	4,654	5,596
Education and library services	4,163	4,456	4,029
Housekeeping	17,311	17,757	17,487
Supply management	26,979	25,431	24,822
Patient food services	20,215	19,518	20,771
Patient health records	11,600	11,922	10,983
Patient registration	7,055	8,101	4,167
Other	5,289	5,923	7,286
	$ 143,726	$ 145,643	$ 135,309

Note 21 Change in Non-Cash Working Capital Accounts

	2001 Budget	2001 Actual	2000 Actual
	(thousands of dollars)		
Contributions and accounts receivable	$ -	$ 3,525	$ (15,188)
Inventories	-	(2,098)	(325)
Prepaid expenses	-	(2,162)	1,702
Accounts payable	-	14,907	12,008
Accrued vacation pay	4,000	6,760	1,662
Current portion of deferred contributions	(3,933)	5,845	(25,604)
	$ 67	$ 26,777	$ (25,745)

Note 22 Related Parties

(a) Province of Alberta

The Authority is established under the Regional Health Authorities Act. The Minister of Health and Wellness appoints the members of the Authority. Transactions between the Authority and the Province are disclosed in the consolidated statement of operations and Notes 6, 7 and 14 to the consolidated financial statements.

Note 22 Related Parties (continued)

(b) Foundations

The following controlled foundations are not consolidated in these financial statements:

(i) Calgary Health Trust

Calgary Health Trust is considered a controlled foundation as the Authority appoints the majority of the voting members of the Foundation's Board of Directors. The purpose of the Trust is to benefit the Region, each facility within the region and individual health programs and services operated by the Authority and to hold funds for its own account and without restriction to manage endowment funds received from any source.

	Calgary Health Trust 2001[1]	Calgary Health Trust 2000 Restated [2]
	(thousands of dollars)	
Total assets	$ 48,237	$ 40,952
Total liabilities	8,409	5,193
Net assets	$ 39,828	$ 35,759
Revenue	$ 15,420	$ 18,608
Expenses	12,941	14,789
Excess of revenue over expenses	$ 2,479	$ 3,819
Accounts payable to the Authority from Calgary Health Trust	$ 183	$ 143
Cash flow		
Contributions	$ 19,122	$ 18,641
Distributions	$ 10,205	$ 12,222
Administrative support from the Authority (includes grant)	$ 156	$ 356
Resources held:		
Externally restricted	$ 37,496	$ 33,521
Unrestricted	2,332	2,238
	$ 39,828	$ 35,759

(1) Commencing in fiscal 2001, the Trust accounted for its investments at market. This change in accounting is being made prospectively as it is not practical to reallocate unrealized gains and losses to the numerous individual fund balances over the past two years. In order to establish the opening position based on market values, the statement of financial position as at March 31, 2001 has been adjusted to reflect the carrying value of the investments at market and the accumulated unrealized gains at that date have been allocated to the various fund balances.

Note 22 **Related Parties (continued)**

(i) **Calgary Health Trust** (continued)

(2) The numbers originally reported in the March 31, 2000 audited statements were based on preliminary results which did not differ materially from the actuals.

(ii) Other Foundations

The Authority has an economic interest in the foundations listed in the following table which raise funds to benefit the Authority and other health related entities. The resources held by these foundations are not necessarily limited for use by the Authority.

The foundations listed in the following table are registered charities under the Income Tax Act.

Contributions to the Authority during the year by the foundations listed in the following table and resources held by these foundations at the year end to support health care are as follows:

	Contributions received by the Authority		Resources held by Foundation		
	Year ended March 31		at March 31, 2001		
	(thousands of dollars)				
	2001	2000	Externally Restricted (1)	Internally Restricted (2)	Unrestricted
Alberta Children's Hospital Foundation	$ 3,170	$ 3,572	$ 6,878	$ 30,243	$ -
The Grace Foundation	727	812	3,562	-	44
	$ 3,897	$ 4,384	$ 10,440	$ 30,243	$ 44

(1) Externally restricted amounts are for equipment, programs, research and education for the specific hospitals and continuing care facilities supported by the individual foundations.

(2) In order to build an endowment to meet the future funding needs of the Hospital, the Foundation's Board of Directors internally restricts funds donated through bequests and any excess revenue over expenses in the operating fund not otherwise internally restricted for managing short term market fluctuations.

The value of administrative support provided to these foundations and the accounts receivable from these foundations at the year end are as follows:

	Administrative Support		Accounts Receivable	
	(thousands of dollars)			
	2001	2000	2001	2000
Alberta Children's Hospital Foundation	$ 9	$ 9	$ 208	$ 17

Note 22 Related Parties (continued)

(c) Voluntary and Private Health Service Operators

The Authority contracts with voluntary and private health service operators to provide health services in the Region. The health service operators and the amount of the contracted health services for the year are as follows:

	2001				2000
	Direct Authority Funding	Direct Funding by Alberta Health & Wellness (Note 14)	Approved Patient Fees & Charges	Total	Total
	(thousands of dollars)				
Facility Name:					
Beverly Centre	$ 6,346	$ 408	$ 1,929	$ 8,683	$ 8,522
Bow-Crest Nursing Home	3,582	-	1,431	5,013	4,719
Central Park Lodges	3,074	-	1,138	4,212	3,973
Extendicare Cedars Villa	6,146	-	2,346	8,492	8,214
Extendicare Hillcrest	2,845	357	1,060	4,262	4,215
Extendicare Scottish	1,132	-	410	1,542	1,469
Forest Grove Care Centre	7,005	-	2,277	9,282	9,076
Intercare Brentwood	3,311	-	1,106	4,417	4,128
Intercare Chinook	4,045	-	1,445	5,490	5,041
Intercare Southwood	3,486	-	1,078	4,564	4,217
Travois Holdings Glamorgan	1,377	-	503	1,880	1,793
Travois Holdings Mayfair	4,239	-	1,364	5,603	5,256
Bethany Care Centre Airdrie	2,039	-	743	2,782	2,625
Bethany Care Centre Calgary	18,819	-	4,110	22,929	21,998
Bethany Care Centre Harvest Hills	2,662	-	605	3,267	1,981
Bethany Care Centre Cochrane	2,221	-	787	3,008	2,895
Bow View Nursing Home	6,381	372	1,776	8,529	8,298
Father Lacombe Nursing Home	3,618	-	1,079	4,697	4,324
Other community agencies	9,687	-	-	9,687	4,542
Private laboratories	89,168	-	-	89,168	81,085
Physiotherapy providers	7,638	-	-	7,638	7,408
Homecare providers	39,460	-	-	39,460	32,236
Facility fees	6,669	-	-	6,669	5,507
	$ 234,950	$ 1,137	$ 25,187	$ 261,274	$ 233,522

	2001	2000
	(thousands of dollars)	
Facility based inpatient acute services	$ 32	$ 2,020
Facility based emergency and outpatient services	7,320	5,329
Facility based continuing care services	97,487	90,113
Community and home based services	45,944	34,916
Diagnostic and therapeutic services	98,405	88,664
Promotion, prevention and protection services	280	1,867
Administration and support services	11,806	10,613
	$ 261,274	$ 233,522

Note 22 Related Parties (continued)

(d) Other

Various volunteer and auxiliary associations solicit donations, operate gift shops and undertake fund raising activities to provide operating and capital donations to further the objectives of the Authority.

Note 23 Surgical Services Contracts

The Authority has entered into contracts with the following surgical facilities pursuant to the *Health Care Protection Act*.

Service	Entity	Term of Contract	Annual Value of Contracts	Total Expense at March 31, 2001
			(thousands of dollars)	
Ophthalmology		October 1, 2000 -		
	Holy Cross Surgical	September 30,	$ 2,504	$ 1,146
	Gimbel Eye Centre	2001	870	559
	Surgical Centres Inc.		730	416
	Rocky Mountain Surgical Services		543	292
	Mitchell Eye Centre		174	277
Oral Surgery		November 1, 2000 -	80	
	Brian Whitestone, Prof. Corp.	September 30,		8
	Donald F. Wakeham, Prof. Corp.	2002		
	Douglas J. Vincelli, Prof. Corp.			8
	Francis Shulsky, Prof. Corp.			1
	Heidi Wyn Lloyd Williams, Prof. Corp.			1
	John W. Conley, Prof. Corp.			2
	Brian Abrams, Prof. Corp.			1
	Terence A. Summers			10
Pregnancy		October 1, 2000 -		
Terminations	Kensington Clinic	September 30,		
		2002	1,350	349
			$ 6,451	$ 3,070

Note 24 Commitments

The Authority received $33,200,000 from Alberta Infrastructure relating to the Authority's arrangement with private sector operators to develop approved long term care facilities. The balance at March 31, 2001, amount was $33,941,117 (see note 4 (v)(1)).

The Authority is committed to future operating lease payments of $28,542,494 until 2012. Future annual commitments are as follows:

Year ended March 31	(thousands of dollars)
2002	$ 6,106
2003	3,475
2004	3,005
2005	2,457
2006	2,174
Thereafter	11,325
Total	$ 28,542

The Authority has outstanding commitments for capital equipment and systems projects of $14,606,192 and construction projects of $7,148,947 of which $5,983,766 is expected to be capitalized by March 31, 2002.

During the year, funding from Alberta Infrastructure was announced for major capital projects including, for example, the new Alberta Children's Hospital and the Colonel Belcher Veteran's Care Centre.

Note 25 Trust Funds

The Authority receives funds from Alberta Infrastructure for non-owned facilities for capital construction and facility repairs. These amounts are not reported in the financial statements. During the year the Authority received $500,000 (2000 - $1,600,000) and disbursed $1,039,344 (2000 - $3,157,000) for capital and facility repairs for non-owned facilities. The balance of funds held by the Authority is $168,363 (2000 - $708,000).

The Authority holds a non-interest bearing collateral mortgage with one of the non-owned facilities. The mortgage is being forgiven at 3 1/3% of the principal amount per annum. The balance remaining at March 31, 2001 is $4,132,500 (2000 - $4,350,000).

The Authority receives other trust funds, including funds for research and development, education and other miscellaneous programs. The balance of these funds held by the Authority as at March 31, 2001 is $4,505,785 (2000 - $4,286,368).

Note 26 Comparative Figures

Certain 2000 figures have been reclassified to conform to 2001 presentation.

Note 27 **Subsequent Events**

On April 20, 2001, the Minister of Health and Wellness announced boundary adjustments for ten of the seventeen health regions in Alberta. These boundary adjustments are to be retroactive to April 1, 2001. The effect on the net assets of the Calgary Regional Health Authority as a result of this change is not material.

On April 30, 2001, the Calgary Regional Health Authority purchased 1.407 hectares of land from the Province of Alberta for a total cost of $5,700,000, using funds provided by the province in March 2001. This land will be used to construct the new Colonel Belcher Veterans' Care Centre.

On May 29, 2001, the name of the Calgary Regional Health Authority was changed to Calgary Health Region.

Note 28 **Approval of Financial Statements**

These financial statements have been approved by the Authority.

Schedule 1

CALGARY REGIONAL HEALTH AUTHORITY

CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT

FOR THE YEAR ENDED MARCH 31, 2001

(thousands of dollars)

	2001		2000
	Budget	Actual	Actual Restated (Note 3)
Salaries, benefits, allowances and severance (Schedule 2)	$ 625,523	$ 632,405	$ 563,966
Contracts with health service operators (Note 22 (c))	257,082	261,274	233,522
Drugs, gases, medical and surgical supplies	115,619	110,406	100,941
Consulting services and medical fees	60,689	58,159	55,316
Other	168,202	167,423	140,223
Amortization			
Capital equipment – internally funded	6,250	11,965	6,141
Capital equipment – externally funded	27,775	17,172	17,951
Facilities and improvements	21,600	18,874	19,240
	1,282,740	1,277,678	1,137,300
Less amounts reported in ancillary operations (Note 16)	(10,397)	(13,110)	(9,106)
	$ 1,272,343	$ 1,264,568	$ 1,128,194

Schedule 2

CALGARY REGIONAL HEALTH AUTHORITY

CONSOLIDATED SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE

FOR THE YEAR ENDED MARCH 31, 2001

(thousands of dollars)

		2001							2000	
						Severance (4)				
		Number of FTE's (1)	Salaries and Honoraria (2)	Benefits and Allowances (3)	Subtotal	Number of FTE's (1)	Amount	Total	Number of FTE's (1)	Total
Board Compensation										
Chairperson										
Jim Dinning		1.00	$ 6	$ -	$ 6	-	$ -	$ 6	1.00	$ 7
Dr. John Morgan	To April 13, 1999	-	-	-	-	-	-	-	0.04	1
Board Members										
Dr. John Morgan	From April 14, 1999	1.00	9	-	9	-	-	9	0.96	9
Harvey Cenaiko	To March 16, 2001	0.95	12	-	12	-	-	12	1.00	11
Wayne Courchene		1.00	10	-	10	-	-	10	1.00	8
Susan Desborats		1.00	9	-	9	-	-	9	1.00	9
Sandy Dougall		1.00	9	-	9	-	-	9	1.00	8
Jean Fraser		1.00	7	-	7	-	-	7	1.00	6
Eileen Grant		1.00	16	-	16	-	-	16	1.00	12
Scobey Hartley	To February 28, 2001	0.90	-	-	-	-	-	-	1.00	5
Azim Jiwani		1.00	6	-	6	-	-	6	1.00	8
Bruce Libin		1.00	7	-	7	-	-	7	1.00	9
N.D. (Skip) McDonald		1.00	2	-	2	-	-	2	1.00	4
Shelley Mabbott		1.00	6	-	6	-	-	6	1.00	7
Donna Rose		1.00	10	-	10	-	-	10	1.00	10
William Sembo		1.00	-	-	-	-	-	-	1.00	-
Total honoraria		14.85	$ 109	$ -	$ 109	-	$ -	$ 109	15.00	$ 114
Staff Compensation										
Chief Executive Officer(s) (6)		1.00	$ 382	$ 17	$ 399	-	$ -	$ 399	1.00	$ 472
Management person (s) reporting to the CEO										
Executive Director to the CEO		1.00	95	9	104	-		104	0.21	19
Executive Vice President and Chief Operating Officer		1.00	284	18	302	-	-	302	1.00	239
Senior Vice President and Chief Medical Officer		1.00	345	-	345	-	-	345	1.00	240
Vice President and Chief Nursing Officer		0.33	37	3	40	-	-	40		
Vice President, Corporate Services and Chief Financial Officer (5)		1.00	238	7	245	-	-	245	0.93	407
Vice President Communications		1.00	151	12	163	-	-	163	0.90	222
Vice President Human Resources		1.00	168	11	179	-		179	0.47	64

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Schedule 2

CALGARY REGIONAL HEALTH AUTHORITY

CONSOLIDATED SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE

FOR THE YEAR ENDED MARCH 31, 2001

(thousands of dollars)

Schedule 2 (continued)	2001							2000	
					Severance (4)				
	Number of FTE's	Salaries and Honoraria	Benefits and Allowances	Subtotal	Number of FTE's	Amount	Total	Number of FTE's	Total
Other management person(s) reporting to those above (avg. 2001 $123, avg. 2000 $118) (excluding severance)	52.29	$ 5,963	$ 472	$ 6,435	6.00	$ 483	$ 6,918	[illegible]	$ 4,664
Other management (avg. 2001 $82, avg. 2000 $84) (excluding severance)	406.30	28,957	4,156	33,113	18.00	1,046	34,159	375.00	31,285
Medical doctors not included above (avg. 2001 $110, avg. 2000 $106) (excluding severance)	7.96	789	89	878	1.00	17	895	10.75	1,141
Regulated nurses (avg. 2001 $58, avg. 2000 $55) (excluding severance)	4,716.66	241,287	33,593	274,880	2.00	75	274,955	4,442.00	[illegible]
Other health technical and professional (avg. 2001 $59, avg. 2000 $55) (excluding severance)	1,802.21	93,875	13,769	107,644	3.00	43	107,687	1,689.71	93,436
Unregulated health service providers (avg. 2001 $32, avg. 2000 $30) (excluding severance)	1,117.74	30,885	4,883	35,768			35,768	1,068.00	29,731
Other staff (avg. 2001 $39, avg. 2000 $38) (excluding severance)	4,307.79	144,332	22,153	166,485	19.00	268	166,753	4,096.16	151,561
Accrual pension adjustments		3,384		3,384			3,384		888
Staff compensation	12,418.28	$ 551,172	$ 79,192	$ 630,364	49.00	$ 1,932	$ 632,296	11,655	$ 563,852
Total	12,433.13	$ 551,281	$ 79,192	$ 630,473	49.00	$ 1,932	$ 632,405	11,670	$ 563,966

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CALGARY REGIONAL HEALTH AUTHORITY

CONSOLIDATED SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE

FOR THE YEAR ENDED MARCH 31, 2001

1. The full time equivalents (FTE's) is based on the number of hours worked in a standard work year, which generally is 2,022.75 hours for most occupation groups.

   Total actual discrete number of individuals employed: 18,138 (2000 – 16,720).

2. Salaries include regular base pay, overtime, lump sum payments, honoraria and any other direct cash remuneration including sick leave, short-term disability and vacation.

3. Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, out of country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, employment insurance, workers compensation, car benefits and allowances and tuition.

4. Severance includes all monies paid directly or on behalf of an employee upon termination which are not included in salaries and benefits.

5. The total amount of $632,405,230 is reported in Schedule 1.

6. The position of Chief Executive Officer was held by three incumbents during the prior year.

7. The position of Vice President, Corporate Services and Chief Financial Officer was held by three incumbents during the prior year.

Schedule 3

CALGARY REGIONAL HEALTH AUTHORITY

CONSOLIDATED THREE YEAR

SUMMARY OF REVENUE AND EXPENSES

FOR THE PERIOD COMMENCING APRIL 1, 1998

(thousands of dollars)

	Actual 2001	2000 Restated (Note 3)	1999 Restated (Note 3)
Revenue			
Alberta Health and Wellness contributions	$ 1,073,684	$ 1,030,183	$ 849,791
Other government contributions	16,985	13,302	2,246
Fees and charges	89,415	88,474	83,852
Ancillary operations, net	9,299	10,303	7,768
Donations	4,833	5,755	5,577
Investment and other income	37,379	31,392	39,398
Amortization of external capital contributions	34,331	32,216	26,812
TOTAL REVENUE	1,265,926	1,211,625	1,015,444
Expenses			
Facility based inpatient acute services	335,159	296,990	270,383
Facility based emergency and outpatient services	149,386	124,726	116,349
Facility based continuing care services	146,790	140,486	133,504
Community and home based services	80,307	61,270	52,702
Diagnostic and therapeutic services	257,733	232,386	214,883
Promotion, prevention and protection services	27,185	23,162	26,942
Research and education	16,708	15,543	14,200
Administration	51,868	44,519	36,057
Information technology and alberta we//net	35,621	35,186	28,136
Support services	145,643	135,309	123,789
Amortization of facilities and improvements	18,168	18,617	16,711
TOTAL EXPENSES	1,264,568	1,128,194	1,033,656
Excess (deficiency) of revenue over expense	$ 1,358	$ 83,431	$ (18,212)

Regional Health Authority 5

Financial Statements

March 31, 2001

REGIONAL HEALTH AUTHORITY 5

FINANCIAL STATEMENTS

MARCH 31, 2001

Statement of Management Responsibility

Auditor's Report

Statement of Financial Position

Statement of Operations

Statement of Changes in Net Assets

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 - Schedule of Expenses by Object

Schedule 2 - Schedule of Salaries, Honoraria, Benefits, Allowances and Severances

Schedule 3 – Three Year Summary of Revenues and Expenses

HEALTH AUTHORITY 5
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
FINANCIAL STATEMENTS
MARCH 31, 2001

The accompanying financial statements are the responsibility of management and have been approved by the Authority. The financial statements were prepared in accordance with Generally Accepted Accounting Principles and Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgments.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority has established a code of ethics and corporate directives, which require communication of the code to employees.

The Authority members carry out their responsibility for the financial statements through the Executive Committee. This Committee meets with management and external auditor, Auditor General of Alberta, to discuss and review financial matters, and recommends the financial statements to the Health Authority 5 Board for approval. The external auditor has full and free access to the Executive Committee.

The external auditor, Auditor General of Alberta, provides an independent audit of the financial statements. Their examination is conducted in accordance with Generally Accepted Auditing Standards and includes tests and other procedures, which allow them to report on the fairness of the financial statements prepared by management.

Mr. Al Martin
Chief Executive Officer

Mrs. Sharon Orum
Chief Financial Officer

AUDITOR
GENERAL
Alberta

AUDITOR'S REPORT

To the Members of the Board of Regional Health Authority 5
and the Minister of Health and Wellness

I have audited the statement of financial position of the Regional Health Authority 5 (the"Authority") as at March 31, 2001 and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2001 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Peter Valentine FCA
Auditor General

Edmonton, Alberta
June 15, 2001

REGIONAL HEALTH AUTHORITY 5

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2001

(thousands of dollars)

	2001	2000 (as restated Note 3)
ASSETS		
Current:		
Cash and temporary investments (Note 4)	$ 6,999	$ 5,496
Accounts receivable	227	327
Contributions receivable	612	491
Inventories	521	554
Prepaid expenses	237	222
	8,596	7,090
Non-current cash (Note 5)	12,697	9,974
Capital assets (Note 6)	53,896	41,278
	$ 75,189	$ 58,342
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable	$ 3,180	$ 2,887
Accrued vacation pay	2,126	1,920
Deferred contributions (Note 7)	848	861
	6,154	5,668
Deferred capital contributions (Note 8)	8,973	7,574
Unamortized external capital contributions (Note 9)	51,278	38,744
	66,405	51,986
Net assets		
Unrestricted (Note 10)	1,803	822
Internally restricted (Note 10 and 11)	4,363	3,000
Investment in capital assets	2,618	2,534
Operating net assets	8,784	6,356
	$ 75,189	$ 58,342

The accompanying notes and schedules are part of these financial statements.

REGIONAL HEALTH AUTHORITY 5

STATEMENT OF OPERATIONS

MARCH 31, 2001

(thousands of dollars)

	2001		2000
	Budget (Note 12)	Actual	Actual (as restated Note 3)
Revenue			
Alberta Health and Wellness contributions (Note 13)	$ 45,235	$ 44,755	$ 41,770
Other government contributions (Note 14)	299	514	294
Fees and charges	4,475	4,382	4,469
Ancillary operations, net (Note 15)	-	78	(73)
Donations	61	48	23
Investment and other income (Note 16)	526	970	651
Amortization of external capital contributions (Note 9)	1,929	1,664	1,780
	52,525	52,411	48,914
Expenses (Schedule 1)			
Facility based inpatient acute services	7,321	7,219	6,957
Facility based emergency and outpatient services	1,929	1,764	1,689
Facility based continuing care services	10,254	9,654	8,814
Community and home based services	4,021	3,305	2,626
Diagnostic and therapeutic services	8,181	8,004	6,986
Promotion, prevention and protection services	2,352	2,231	2,058
Administration (Note 17)	2,685	2,419	2,347
Information technology and alberta we//net (Note 18)	966	1,006	785
Y2K remedial costs	-	-	107
Support services (Note 19)	11,991	13,053	10,947
Amortization of facilities and improvements	1,401	1,328	1,326
	51,101	49,983	44,642
Excess of revenue over expenses	$ 1,424	$ 2,428	$ 4,272

REGIONAL HEALTH AUTHORITY 5
STATEMENT OF CHANGES IN NET ASSETS
MARCH 31, 2001
(thousands of dollars)

	2001				2000
		Operating			(as restated - Note 3)
	Unrestricted (Note 10)	Internally Restricted (Note 11)	Invested in Capital Assets	Total Operating	Total
Excess of revenue over expenses	$ 2,428			$ 2,428	$ 4,272
Capital assets purchased with internal funds	(648)		648	-	-
Amortization on internally funded capital assets	564		(564)	-	
Transfer to internally restricted	(1,363)	1,363		-	-
Net change in unrestricted net assets	981			-	-
Balance at beginning of year, as restated	822	3,000	2,534	6,356	2,084
Balance at end of year	$ 1,803	$ 4,363	$ 2,618	$ 8,784	$ 6,356

REGIONAL HEALTH AUTHORITY 5
STATEMENT OF CASH FLOWS
MARCH 31, 2001
(thousands of dollars)

	2001		2000
	Budget	Actual	Actual (as restated Note 3)
Cash generated from (used by):			
Operating activities			
Excess of revenue over expenses	$ 1,424	$ 2,428	$ 4,272
Non-cash transactions:			
Amortization of capital equipment - internally funded	574	564	368
- externally funded	528	336	454
Amortization of facilities and improvements	1,401	1,328	1,326
Amortization of external capital contributions	(1,929)	(1,664)	(1,780)
Loss on disposal of capital assets	-	-	88
	1,998	2,992	4,728
Change in non-cash working capital accounts (Note 20)	(88)	483	(53)
Cash generated from operations	1,910	3,475	4,675
Investing activities:			
Purchase of capital assets:			
internally funded - equipment	(1,226)	(648)	(601)
internally funded - facilities and improvements	-	-	(25)
externally funded			
- equipment	(475)	(273)	(1,403)
- facilities and improvements	(15,000)	(13,926)	(8,722)
Proceeds on disposal of internally funded capital equipment	-	-	32
Allocations to non-current cash	(575)	(2,723)	(7,647)
Cash used by investing activities	(17,276)	(17,570)	(18,366)
Financing activities:			
Capital contributions received (Note 8)	16,050	15,598	15,372
Cash generated from financing activities	16,050	15,598	15,372
Increase in cash and temporary investments	684	1,503	1,681
Cash and temporary investments, beginning of year	5,496	5,496	3,815
Cash and temporary investments, end of year	$ 6,180	$ 6,999	$ 5,496

REGIONAL HEALTH AUTHORITY 5

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2001
(thousands of dollars)

Note 1 Authority, Purpose and Operations

Regional Health Authority 5 (the "Authority") was established on June 24, 1994 under the authority of the Regional Health Authority Act, Chapter R-9.07, and Statutes of Alberta 1994. The Authority is exempt from the payment of income tax and is a registered charity under the Income Tax Act.

The Authority is responsible for the delivery of appropriate, accessible and affordable health services in Alberta. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental wellbeing.

The operations of the Authority include the following facilities and sites:

Didsbury District Health Services
Drumheller District Health Services
Hanna/Cereal District Health Services
Strathmore District Health Services
Three Hills District Health Services

These financial statements do not include the assets, liabilities and operations of any voluntary or private facilities providing health services in the region. Information on these facilities is disclosed in Note 21(b).

Note 2 Significant Accounting Policies and Reporting Practices

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and the reporting requirements of Financial Directive 18 issued by Alberta Health and Wellness. The following are the significant accounting policies:

(a) Basis of Presentation

These financial statements have been prepared using the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year they become receivable.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(a) Basis of Presentation (continued)

(ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year the related expenses are incurred.

(iii) Externally restricted capital contributions are recorded as deferred capital contributions until the amount is invested in capital assets. Amounts invested representing externally funded capital assets are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

(iv) Restricted contributions for the purchase of capital assets which will not be amortized are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year it is earned.

(vi) Investment income subject to external restrictions is, depending on the nature of the restrictions, recorded as a direct increase to net assets, or is deferred and recognized as revenue in the year the related expenses are incurred.

(vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(b) Full cost

The Authority accounts for all costs and revenues related to services carried out for which it is responsible.

The fair value of costs of services is recorded. Fair value transactions as recorded, consist of the following:

(i) Revenues earned by contracted health service operators from the Ministry of Health and Wellness designated fees and charges are recorded as fees and charges of the Authority. An equivalent amount is recorded as contracted health service operator expense of the Authority.

(ii) Payments made by Alberta Health and Wellness directly to contracted health service operators for health programs are recorded as revenue and an equivalent amount recorded as program expense as these payments represent part of the cost of the Authority's health programs.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(b) Full cost (continued)

(iii) The fair value for use of acute care facilities not owned by the Authority is recorded as revenue from other government contributions or from donations, and also recorded as program expense, since contract payments from the Authority do not include an amount for the use of these facilities.

(iv) The fair value for the use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expenses.

(v) Other assets, supplies and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers contribute a significant amount of time each year to assist the Authority in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenue and expenses in these financial statements because fair value cannot be reasonably determined.

(c) Employee Future Benefits

The Authority participates in the Local Authorities Pension Plan. This is a multi-employer defined benefit pension plan that provide pensions for the Authority's participating employees, based on years of service and earnings.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the authority has insufficient information to apply defined benefit plan accounting.

Pension costs included in these financial statements comprise the amount of employer contributions required for its employees during the year, based on rates which are expected to provide the benefits payable under the pension plan. The Authority's portion of the pension plan's deficit or surplus is not recorded by the Authority.

The Authority fully accrues its obligations for employee non-pension future benefits.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(d) Investments

Temporary investments are recorded at the lower of cost and market.

(e) Financial Instruments

The carrying value of accounts receivable, contributions receivable, accounts payable and accrued liabilities approximates their fair value because of the short-term maturity of these items.

(f) Inventories

Inventories are valued at the lower of moving average cost or net realizable value.

(g) Capital Assets

Capital assets and construction projects in progress are recorded at cost. Capital assets costing less than $5,000 are expensed.

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful Life
Buildings	20 - 40 years
Land improvements	15 - 20 years
Building service equipment	20 years
Equipment, furniture and software	5 - 20 years

Construction projects in progress are not amortized until the project is complete.

(h) Measurement Uncertainty

The financial statements by their nature, contain estimates and are subject to measurement uncertainty. The amounts recorded for amortization of capital assets and amortization of external capital contributions are based on estimates of the useful life of the related assets. The effect, on the financial statements, of changes in such estimates in future periods could be significant.

Note 3 Change in Accounting Policy

Pension Obligation

The Authority has changed its method of accounting for its participation in multi-employer defined benefit pension plans. The Authority now records pension expense equivalent to its annual contributions payable during the year. The Authority's portion of the pension plans' deficit or surplus is not recorded by the Authority. This change has been applied retroactively with restatement of comparative amounts. As a result of the change in accounting policy, the Authority's financial statements for the year ended March 31, 2000 have been restated as follows:

	1999/2000					
	As Previously Stated		Adjustment		As Restated	
	(thousands of dollars)					
Net assets at beginning of year	$	1,959	$	125	$	2,084
Net assets at end of year	$	6,269	$	87	$	6,356
Pension liability	$	87	$	(87)	$	-
Excess of revenues over expenses	$	4,310	$	(38)	$	4,272

Note 4 Cash and Temporary Investments

	2001	2000
	(thousands of dollars)	
Cash	$ 5,860	$ 4,399
Guaranteed investment certificates	1,139	1,097
	$ 6,999	$ 5,496

Guaranteed investment certificates, maturing at various intervals ending June 1, 2010, are guaranteed by the Canada Deposit Insurance Corporation and, at March 31, 2001, bear interest at rates ranging from 5.00% to 7.50% paid annually.

The effective yield on these securities based on the carrying value at March 31, 2001 is 4.26 %.

Note 5 Non-Current Cash

	2001	2000
	(thousands of dollars)	
Cash	$ 12,697	$ 9,974

Non-current cash represent the following:

	2001	2000
Externally restricted for capital acquisitions	$ 8,973	$ 7,574
Internally restricted for capital acquisitions	$ 3,724	$ 2,400

Cash held for the purposes of externally restricted capital acquisitions consists of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. The Fund is managed with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The portfolio is comprised of high-quality short term and mid-term fixed income securities with a maximum term to maturity of five years. Interest is earned on the daily cash balance at the average rate of CCITF earnings, which varies depending on prevailing market interest rates.

Note 6 Capital Assets

	2001			2000
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	(thousands of dollars)			
Land	$ 1,082	$ -	$ 1,082	$ 1,082
Land improvements	978	717	261	291
Buildings	44,988	21,350	23,638	24,668
Building service equipment	485	186	299	324
Equipment, furniture and software	11,267	7,346	3,921	3,877
Construction in progress	24,695	-	24,695	11,036
	$ 83,495	$ 29,599	$ 53,896	$ 41,278

Note 6 Capital Assets (continued)

Capital assets have been funded from the following sources:

	2001	2000
	(thousands of dollars)	
Externally funded (unamortized external capital contributions)	$ 51,278	$ 38,744
Internally funded (invested in capital assets)	2,618	2,534
	$ 53,896	$ 41,278

Note 7 Deferred Contributions

	2001	2000
	(thousands of dollars)	
Amounts received:		
Alberta Health and Wellness contributions	$ 63	$ 545
Other government contributions	418	341
Donations	113	60
Interest on HAPI/Year 2K funds	31	20
	625	966
Amounts recognized as revenue:		
Alberta Health and Wellness contributions (Note 13)	(3)	(128)
Other government contributions (Note 14)	(514)	(294)
Donations	(48)	(23)
Refund to Alberta Infrastructure	(60)	-
Refunds to Government of Canada	(13)	-
	(638)	(445)
Amounts transferred to deferred capital contributions (Note 8)	-	(680)
Change during the year	(13)	(159)
Balance, beginning of year	861	1,020
Balance, end of year	$ 848	$ 861

Unspent amounts at end of year are restricted for the following purposes:

		2001	2000
Government of Canada - Primary Care		-	73
Restricted donations		102	37
Alberta Health and Wellness	- Healthy Aging	570	540
Alberta Health and Wellness	- Blood Archival	50	-
	- Basic Life Support Training	7	-
	- Software reimbursement	4	-
Repairs and maintenance projects		115	211
		$ 848	$ 861

Note 8 Deferred Capital Contributions

Deferred capital contributions balance represents amounts accounted for in accordance with accounting policy described in Note 2(a).

	2001	2000
	(thousands of dollars)	
Amounts received:		
Restricted other government contributions	$ 14,957	$ 13,947
Investments and other income	23	3
Donations restricted for capital purposes	77	103
Alberta Health and Wellness	550	490
Refund to Alberta Infrastructure	(9)	(26)
Proceeds on disposal of externally funded assets	-	175
Amounts transferred from deferred contributions (Note 7)	-	680
	15,598	15,372
Transferred to:		
Unamortized external capital contributions (Note 9)	(14,199)	(10,125)
Change during the year	1,399	5,247
Balance, beginning of year	7,574	2,327
Balance, end of year	$ 8,973	$ 7,574

Balance at end of year is restricted for the following purposes:

	2001	2000
Equipment replacement	$ 725	$ 367
Betterment of capital assets	693	94
New construction	7,555	7,113
	$ 8,973	$ 7,574

Note 9 Unamortized External Capital Contributions

Unamortized external capital contributions reflect transactions accounted for in accordance with the accounting policy described in Note 2(a). The balance at the end of the year represents the external capital contributions that will be recognized as revenue in future years.

	2001	2000
	(thousands of dollars)	
Balance at beginning of year	$ 38,744	$ 30,491
Add amounts transferred from deferred capital contributions (Note 8)	14,199	10,125
Unamortized portion of disposals	(1)	(92)
Less amounts recognized as revenue	(1,664)	(1,780)
	$ 51,278	$ 38,744

Note 10 Unrestricted and Internally restricted net assets

The balance of unrestricted and internally restricted net assets can be analyzed as follows:

	2001	2000 (as restated)
	(thousands of dollars)	
Unrestricted and internally restricted net assets at regionalization - April 1, 1995	$ 2,871	$ 2,871
Changes since regionalization		
Cumulative operating surplus	3,499	1,071
Invested in capital assets (net of amortization)	(204)	(120)
	$ 6,166	$ 3,822
Balance at end of year consists of:		
Unrestricted	$ 1,803	$ 822
Internally restricted	4,363	3,000
	$ 6,166	$ 3,822

Note 11 Internally Restricted Net Assets

The Authority has internally restricted amounts for:

	2001	2000
	(thousands of dollars)	
Future equipment replacement	$ 3,724	$ 2,400
Board directed - Needs assessment	150	-
- Action for Health	37	40
- Future operation projects	452	560
	$ 4,363	$ 3,000

Note 12 Budget

	Approved Budget[1]	Additional Approved Budget[2]	Reported Budget
		(thousands of dollars)	
Revenue:			
Alberta Health and Wellness contributions	$ 44,526	$ 709	$ 45,235
Other government contributions	299		299
Fees and charges	4,475		4,475
Ancillary operations, net	-		-
Donations	61		61
Investment and other income	526		526
Amortization of external capital contributions	1,929		1,929
	51,816	709	52,525
Expenses:			
Facility based inpatient acute services	7,230	91	7,321
Facility based emergency and outpatient services	1,911	18	1,929
Facility based continuing care services	10,053	201	10,254
Community and home based services	3,933	88	4,021
Diagnostic and therapeutic services	7,995	186	8,181
Promotion, prevention and protection services	2,285	67	2,352 -
Administration	2,660	25	2,685
Information technology and alberta we//net	966	-	966
Support services	11,958	33	11,991
Amortization of facilities and improvements	1,401	-	1,401
	50,392	709	51,101
Excess of revenue over expenses	$ 1,424	$ -	$ 1,424

[1] The budget was approved by the Board of the Authority on April 19, 2000 and was approved by the Minister of Health and Wellness.

[2] On November 3, 2000 the Minister of Health and Wellness provided additional funding. These additional resources were allocated by the Board to address funding expectations for salary settlements.

Note 13 Alberta Health and Wellness Contributions

	2001 Budget (Note 12)	2001 Actual	2000 Actual
	(thousands of dollars)		
Unrestricted contributions	$ 45,235	$ 44,752	$ 41,642
Transferred from deferred contributions (Note 7)	-	3	128
	$ 45,235	$ 44,755	$ 41,770

Note 14 Other Government Contributions

	2001 Budget	2001 Actual	2000 Actual
	(thousands of dollars)		
Alberta Infrastructure	$ 150	$ 357	$ 64
Government of Canada - Primary Care	74	60	205
Telehealth	-	-	11
Other	75	97	14
	$ 299	$ 514	$ 294

Note 15 Ancillary Operations

	2001 Non-Patient Food Services Operations	2001 Rental Operations	2001 Total	2001 Budget	2000 Total
	(thousands of dollars)				
Revenues	$ 261	$ 32	$ 293	$ 369	$ 309
Expenses					
Other expenses	187	27	214	369	381
Amortization	1	-	1	-	1
	188	27	215	369	382
Excess (deficiency) of revenue over direct expenses 2000-2001	$ 73	$ 5	$ 78	$ -	$ (73)
Deficiency of revenue over direct expenses 1999-2000	$ (68)	$ (5)	$ (73)		

Note 16 Investment and Other Income

	2001 Budget	2001 Actual	2000 Actual
	(thousands of dollars)		
Unrestricted investment income	$ 250	$ 599	$ 324
Other income	276	371	327
	$ 526	$ 970	$ 651

Investment income is comprised of interest, dividends, amortization of discount and premiums, and net gains on disposal of investments.

Other income is comprised of laundry recoveries, compensation reimbursed from Workers Compensation and collective agreements, recovery of supplies and services provided to physicians' offices and recovery of outpatient supplies.

Note 17 Administration

	2001 Budget	2001 Actual	2000 Actual (as restated)
	(thousands of dollars)		
General administration	$ 1,474	$ 1,305	$ 1,287
Finance	551	444	524
Quality Management	122	126	86
Personnel	466	469	378
Administration - contract operators	72	75	72
	$ 2,685	$ 2,419	$ 2,347

Note 18 Information technology and alberta we//net

	2001 Budget	2001 Actual	2000 Actual
	(thousands of dollars)		
alberta we//net	$ 189	$ 189	$ 49
Telehealth	$ -	$ 37	$ -
Information systems support	777	780	736
	$ 966	$ 1,006	$ 785

alberta we//net is the province-wide, strategic initiative to build a health information network. The initiative brings together a broad spectrum of health professionals into multi-disciplinary teams to put information technology to work to improve health service delivery to all Albertans. alberta we//net brings together doctors, nurses, regional health authorities, pharmacists, the Alberta Cancer Board, the Alberta Mental Health Board, universities and faculties of medicine, a national health information institute and Alberta Health and Wellness in the planning and implementation of the network.

The Authority's contribution has been applied towards planning and pre-development activities that will produce clinical and administrative deliverables beginning in 2000-2001, or to develop applications to support we//net initiatives. In accordance with Generally Accepted Accounting Principles $ 189 (2000 - $49) is expensed and $Nil is capitalized (2000 - $265).

Note 19 Support Services

	2001 Budget	2001 Actual	2000 Actual (as restated)
	(thousands of dollars)		
Building maintenance, operations and security	$ 3,255	$ 3,634	$ 2,753
Communications	340	349	346
Education	170	177	74
Housekeeping	1,561	1,577	1,548
Laundry and linen	580	580	580
Materials management/CSR/Capital Planning	759	914	562
Patient food services	2,745	2,915	2,718
Patient health records/Patient Registration/Volunteer	1,417	1,363	1,095
Patient transportation	754	1,132	859
Support services - contract operators	410	412	412
	$ 11,991	$ 13,053	$ 10,947

Note 20 Change in Non-Cash Working Capital Accounts

	2001	2000
	(thousands of dollars)	
Accounts and contributions receivable	$ (21)	$ (565)
Inventories	33	(20)
Prepaid expenses	(15)	(180)
Accounts payable	293	686
Accrued vacation pay	206	185
Deferred contributions	(13)	(159)
	$ 483	$ (53)

Note 21 Related Parties

(a) Province of Alberta

The Authority is established under the Regional Health Authority Act. The Minister of Health and Wellness appoints the members of the Authority. Transactions between the Authority and the Province are disclosed in Notes 7,8,12,13 and 14 to the financial statements.

(b) Voluntary and Private Health Service Operators

The Authority contracts with voluntary and private health service operators to provide health services in the Region. The health service operators and the amount of the contracted health services for the year are as follows:

	2001			2000
	Direct Authority Funding	Approved Patient Fees and Charges	Total	Total
	(thousands of dollars)			
Linden Nursing Home	$ 932	$ 366	$ 1,298	$ 1,267
Reported in:				
Facility based continuing care services			$ 721	$ 695
Diagnostic and therapeutic services			90	90
Administration			75	72
Support services			412	410
			$ 1,298	$ 1,267

Note 22 Pension Costs

The Authority participates in the Local Authorities Pension Plan which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equivalent to the Authority's annual contributions payable of $857 for the year ended March 31, 2001 (2000 - $737).

At December 31, 2000, the Local Authorities Pension Plan reported a surplus of $883,823 (1999 $880,358).

Note 23 Comparative Figures

Certain 2000 figures have been reclassified to conform to 2001 presentation.

Note 24 Approval of Financial Statements

The Authority has approved these financial statements.

Schedule 1

REGIONAL HEALTH AUTHORITY 5
SCHEDULE OF EXPENSES BY OBJECT
FOR THE YEAR ENDED MARCH 31, 2001
(thousands of dollars)

	2001		2000
	Budget	Actual	Actual (as restated)
Salaries, benefits, allowances and severance (Schedule 2)	$ 33,814	$ 32,998	$ 30,101
Contracts with health service operators (Note 21(b))	1,265	1,298	1,267
Drugs, gases, medical and surgical supplies	1,545	1,661	1,633
Consulting services	1,136	1,148	1,133
Other	11,207	10,865	8,742
Amortization and disposals:			
Capital equipment - internally funded	574	564	368
Capital equipment - externally funded	528	336	454
Facilities and improvements	1,401	1,328	1,326
	51,470	50,198	45,024
Less amounts reported in ancillary operations (Note 15)	(369)	(215)	(382)
	$ 51,101	$ 49,983	$ 44,642

Schedule 2

REGIONAL HEALTH AUTHORITY 5
SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCES
FOR THE YEAR ENDED MARCH 31, 2001
(thousands of dollars)

	2001				Severance (4)			2000			
	Number of Individuals (1)	Salaries and Honoraria (2)	Benefits and Allowances (3)	Sub-total	Number of Individuals	Amount	Total	Number of Individuals (1)	Salaries, Benefits and Honoraria	Severance Amount	Total (as restated)
Authority/Board Compensation											
RHA Chairperson											
Peterson, Terry		16		16			16		15		15
Members							-				-
Bauman, Myrna		1		1			1		6		6
Dione, Alaura		8		8			8		6		6
Gaudette, Des		6		6			6		8		4
Johnston, Ed		11		11			11		7		7
Olsen, Viola		10		10			10		6		6
Smith, Eileen		-		-			-		1		1
Sparling, John		2		2			2		2		2
Turner, Jim		6		6			6		7		7
Wiens, Carol		7		7			7		6		5
Wilson, Jim		-		-			-		1		1
Total honoraria		69		69			69	-	50	-	50
Staff											
Chief Executive Officer	1.00	140	21	161			161	1.00	113		113
Medical Officer	0.40	42		42			42	0.40	38		38
Management person(s) reporting to the CEO											
Executive Director	2.00	184	29	213			213	0.44	44		44
VP Corporate Services	-	-		-			-	0.67	67	188	255
Director CFO	2.40	172	26	198	1	135	333	0.75	64		64
Other management person(s) reporting to those above (avg. 2001 $79, avg. 2000 $75)(excl. severance)	9.00	625	93	718	2	185	903	8.23	615		615
Other management person(s) reporting to those above (avg. 2001 $74, avg. 2000 $68)(excl. severance)	13.73	865	150	1,015			1,015	12.10	821	36	857
Regulated nurses not included above (avg. 2001 $51, avg. 2000 $49)(excl. severance)	220.43	10,417	1,542	11,959			11,959	227.27	11,247		11,247
Other health technical and professionals (avg. 2001 $57, avg. 2000 $56)(excl. severance)	88.06	4,476	558	5,034			5,034	82.18	4,607		4,607
Unregulated health service providers (avg. 2001 $30, avg. 2000 $29)(excl. severance)	128.05	3,357	516	3,873			3,873	124.27	3,581		3,581
Other staff (avg. 2001 $34, avg. 2000 $35)(excl. severance)	279.12	8,072	1,319	9,391	1	4	9,395	240.84	8,610		8,610
Total	744.29	$ 28,420	$ 4,255	$ 32,675	4	$ 323	$ 32,998	698.26	$ 29,877	$ 224	$ 30,101

Schedule 2 (continued)

SCHEDULE OF SALARIES, BENEFITS, ALLOWANCES AND SEVERANCES

FOR THE YEAR ENDED MARCH 31, 2001

(1) Full time equivalent (FTE) has been determined as follows:

a) For those employees governed by the UNA collective agreement FTE is defined as 1,920 hours per annum.
b) For those employees governed by the Community Health Services collective agreements FTE is defined as 1,827 hours per annum.
c) For all other employees FTE is defined as 2,023 hours per annum.

(2) Salaries include regular base pay, overtime, lump sum payments, honoraria and any other direct cash remuneration including sick leave, short-term disability and vacation.

(3) Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, out of country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, unemployment insurance, workers compensation, car benefits and allowances and tuition.

(4) Severance includes:

All monies paid directly or on behalf of an employee upon termination which are not or have not been included in salaries and benefits and forgiveness of debt.

Schedule 3

REGIONAL HEALTH AUTHORITY 5
THREE YEAR SUMMARY OF REVENUES AND EXPENSES
(thousands of dollars)

	Actual		
	2001	2000	1999
		(as restated)	
Revenue:			
Alberta Health and Wellness contributions	$ 44,755	$ 41,770	$ 36,823
Other government contributions	514	294	134
Fees and charges	4,382	4,469	4,421
Ancillary operations, net	78	(73)	(128)
Donations	48	23	18
Investment and other income	970	651	447
Amortization of external capital contributions	1,664	1,780	1,680
	52,411	48,914	43,395
Expenses:			
Facility based inpatient acute services	7,219	6,957	6,422
Facility based emergency and outpatient services	1,764	1,689	1,557
Facility based continuing care services	9,654	8,814	8,549
Community and home based services	3,305	2,626	2,293
Diagnostic and therapeutic services	8,004	6,986	6,593
Promotion, prevention and protection services	2,231	2,058	1,764
Administration	2,419	2,347	2,063
Information technology and alberta we//net	1,006	785	613
Y2K remedial costs	-	107	260
Support services	13,053	10,947	10,361
Amortization of facilities and improvements	1,328	1,326	1,330
	49,983	44,642	41,805
Excess of revenue over expenses	$ 2,428	$ 4,272	$ 1,590

DAVID THOMPSON REGIONAL
HEALTH AUTHORITY

FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2001
and
AUDITORS' REPORT

CUTHBERTSON SANDALL
chartered accountants

Partners
T.A. Cuthbertson, C.A.
D.B. Sandall, C.A.
R.J. LaRiviere, C.A.
T.C. Lam, C.A.
T.D. Denis, C.A.
J.H. Hicks, C.A.
J.P. Sipp, C.A.
I.K. Anderson, C.A.
M.R. Bearington, C.A.
N.K. Martin, C.A.

Associates
D.T. Snow, C.A.
D.B. Cooper, C.A.

AUDITORS' REPORT

TO THE MEMBERS OF THE
DAVID THOMPSON REGIONAL HEALTH AUTHORITY
AND THE MINISTER OF HEALTH

We have audited the statement of financial position of the David Thompson Regional Health Authority ("the Authority") as at March 31, 2001 and the statements of operations and changes in net assets and changes in financial position for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2001 and the results of operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

June 21, 2001
Red Deer, Alberta

Cuthbertson Sandall
Chartered Accountants

In touch with business
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David Thompson Regional Health Authority
Management's Responsibility for Financial Reporting
March 31, 2001

The accompanying financial statements are the responsibility of management and have been approved by the Authority. The financial statements were prepared in accordance with Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgements.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority has established a code of ethics and corporate directives, which require communication of the code to employees.

The Authority members carry out their responsibility for the financial statements through the Governance Committee. This Committee meets with management and the external auditor, Cuthbertson Sandall, Chartered Accountants, to discuss and review financial matters, and recommends the financial statements to the David Thompson Regional Health Authority Board for approval. The external auditor has full and free access to the Governance Committee.

The external auditor, Cuthbertson Sandall, Chartered Accountants, provides an independent audit of the financial statements. Their examination is conducted in accordance with Generally Accepted Auditing Standards and includes tests and other procedures, which allow them to report on the fairness of the financial statements prepared by management.

Chief Executive Officer

Vice President – Corporate Support Services

David Thompson Regional Health Authority
Statement of Financial Position
March 31, 2001
(thousand of dollars)

	2001	2000 As restated (Note 3)
Assets		
Current:		
Cash and temporary investments (Note 4)	36,830	29,245
Accounts receivable (Note 5)	4,965	6,549
Inventories	2,774	2,523
Prepaid expenses	772	833
	45,341	39,150
Non-current cash and accounts receivable (Note 6)	7,411	6,505
Capital assets (Note 7)	107,882	110,421
Other assets (Note 8)	344	558
	160,978	156,634
Liabilities and Net Assets		
Current:		
Accounts payable	12,018	14,180
Accrued vacation pay	8,152	7,203
Current portion of deferred contributions (Note 9)	3,042	1,260
Current portion of long-term debt (Note 11)	178	786
	23,390	23,429
Deferred contributions (Note 9)	3,285	4,897
Deferred capital contributions (Note 10)	4,126	1,608
Long-term debt (Note 11)	752	1,473
Unamortized external capital contributions (Note 12)	93,834	96,022
	125,387	127,429
Net assets:		
Unrestricted (Note 13)	1,628	1,764
Internally restricted (Note 13)	21,270	15,726
Investment in capital assets	12,693	11,715
	35,591	29,205
	160,978	156,634

The accompanying notes and schedules are part of these financial statements.

Approved on behalf of the David Thompson Regional Health Authority:

Chairperson

Board Member

David Thompson Regional Health Authority
Statement of Operations
For the Year Ended March 31, 2001
(thousands of dollars)

	2001		2000
	Budget (Note 14)	Actual	Actual As restated (Note 3)
Revenues			
Alberta Health and Wellness contributions (Note 15)	175,842	177,558	159,482
Other government contributions (Note 16)	2,543	3,039	1,459
Fees and charges	12,069	12,708	12,115
Net ancillary operations (Note 17)	467	453	521
Donations	976	964	866
Investment and other income (Note 18)	3,015	4,575	4,902
Amortization of external capital contributions (Note 12)	6,649	6,217	5,114
	201,561	205,514	184,459
Expenses (Schedule 1)			
Facility based inpatient acute services	47,900	49,154	43,619
Facility based emergency and outpatient services	10,334	10,835	9,441
Facility based continuing care services	23,723	24,465	21,190
Community and home based services	9,902	9,518	8,430
Diagnostic and therapeutic services	40,238	40,668	34,401
Promotion, prevention and protection services	5,990	6,184	5,245
Administration (Note 19)	9,402	9,223	8,591
Support services (Note 20)	40,459	40,755	35,928
Information technology and wellnet (Note 21)	3,378	3,398	3,240
Amortization of facilities and improvements	4,577	4,501	4,446
Year 2000 remedial costs	250	427	2,544
	196,153	199,128	177,075
Excess of revenues over expenses	5,408	6,386	7,384

David Thompson Regional Health Authority
Statement of Changes in Net Assets
For the Year Ended March 31, 2001
(thousands of dollars)

	2001				2000 As restated (Note 3)
	Unrestricted	Internally Restricted (Note 13)	Invested in Capital Assets	Total	Total
Excess of revenues over expenses	6,386	-	-	6,386	7,384
Capital assets purchased with internal funds	(248)	(1,494)	1,742	-	-
Amortization on internally funded capital assets	2,093	-	(2,093)	-	-
Repayment of long-term debt used to fund capital assets	(168)	(1,161)	1,329	-	-
Net change	8,063	(2,655)	978	6,386	7,384
Transfer to internally restricted	(8,199)	8,199	-	-	-
Balance at beginning of year as restated (Note 3)	1,764	15,726	11,715	29,205	21,821
End of year	1,628	21,270	12,693	35,591	29,205

David Thompson Regional Health Authority
Statement of Cash Flows
For the Year Ended March 31, 2001
(thousands of dollars)

	2001 Budget	2001 Actual	2000 Actual As restated (Note 3)
Cash generated from (used by):			
Operating activities			
Excess of revenues over expenses	5,408	6,386	7,384
Non-cash transactions:			
Amortization of capital equipment - internally funded	1,549	1,811	1,634
Amortization of capital equipment - externally funded	2,523	1,994	881
Amortization of facilities and improvements	4,577	4,501	4,446
Amortization of external capital contributions	(6,649)	(6,217)	(5,114)
Loss on disposal of capital assets	-	2	48
	7,408	8,477	9,279
Changes in non-cash working capital accounts (Note 22)	(117)	1,963	1,529
Cash generated from operations	7,291	10,440	10,808
Investing activities			
Purchase of capital assets:			
Internally funded	(4,542)	(1,742)	(1,736)
Externally funded equipment	(4,548)	(1,657)	(8,875)
Externally funded facilities and improvements	(1,628)	(2,372)	(2,127)
Proceeds on sale of capital assets	-	2	-
Decrease in other assets	209	214	244
Cash used by investing activities	(10,509)	(5,555)	(12,494)
Financing activities			
Allocations from (to) non-current cash and accounts receivable (Note 6)	6,266	(906)	3,469
Decrease in deferred contributions	(4,188)	(1,612)	(2,519)
Capital contributions received (Note 10)	4,098	6,547	10,052
Principal payments on long-term debt	(1,329)	(1,329)	(742)
Cash generated from financing activities	4,847	2,700	10,260
Increase in cash and temporary investments	1,629	7,585	8,574
Cash and temporary investments, beginning of year	29,245	29,245	20,671
Cash and temporary investments, end of year	30,874	36,830	29,245

David Thompson Health Authority
Notes to the Financial Statements
For the Year Ended March 31, 2001

Note 1 Authority, Purpose and Operations

The David Thompson Regional Health Authority ("the Authority") was established on June 24, 1994 under the authority of the Regional Health Authorities Act, Chapter R-9.07, Statutes of Alberta 1994. The Authority is a registered charity under the Income Tax Act and is, therefore, exempt from payment of income tax.

The Authority is responsible for the delivery of appropriate, accessible and affordable health services in the region. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well being.

The Authority operates the following facilities and sites:

Bashaw Health Care
Bentley Care Centre
Dr. Richard Parsons Care Centre
Innisfail Health Centre
Lacombe Hospital and Care Centre
Olds Hospital and Care Centre
Ponoka Hospital and Care Centre
Red Deer Nursing Home
Red Deer Regional Hospital Centre
Rimbey Hospital and Care Centre
Rocky Mountain House Hospital and Care Centre
Sundre Hospital and Care Centre
Valley Park manor

Eckville Community Health Centre
Elnora Community Health Centre
Lacombe Community Health Centre
Olds Community Health Centre
Ponoka Community Health Centre
Red Deer Community Health Centres
Rimbey Community Health Centre
Rocky Mountain House Community Health Centre
Sundre Community Health Centre
Sylvan Lake Community Health Centre

These financial statements do not include the assets, liabilities and operations of any voluntary or private facilities providing health services in the region. Information on these facilities is disclosed in Note 23(b).

Note 2 Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles and the reporting requirements of Financial Directive 18 issued by Alberta Health and Wellness. Following are the significant accounting policies:

a) Basis of Presentation

These financial statements are prepared on a consolidated basis and include the accounts of the facilities and sites disclosed in Note 1 but do not include the accounts of the Red Deer Regional Hospital Centre Foundation.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(b) These financial statements have been prepared using the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year when received or receivable.

(ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year when related expenses are incurred.

(iii) Externally restricted capital contributions are recorded as deferred contributions until the amount is invested in capital assets. Amounts invested representing externally funded capital assets are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

(iv) Restricted contributions for the purchase of capital assets which will not be amortized are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year it is earned.

(vi) Investment income subject to external restrictions is, depending on the nature of the restrictions, recorded as a direct increase to net assets, or is deferred and recognized as revenue in the year the related expenses are incurred.

(vii) Donations and contributions in kind are recorded at fair market value when such value can reasonably be determined.

(c) Full Cost

The Authority accounts for all costs and revenues related to services carried out for which it is responsible.

The fair value of costs of services is recorded. The fair value transactions recorded consist of the following:

(i) Revenues earned by contracted health service operators from Ministry of Health designated fees and charges are recorded as fees and charges of the Authority. An equivalent amount is recorded as contracted health service operator expense of the Authority.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(c) Full Cost (continued)

(ii) Payments made by Alberta Health and Wellness directly to contracted health service operators for health programs are recorded as revenues and an equivalent amount recorded as program expenses as these payments represent part of the cost of the Authority's health programs.

(iii) The fair value for the use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expenses.

(iv) Other assets, supplies and service contributions that would otherwise have been purchased are recorded as revenues and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers contribute a significant amount of time each year to assist the Authority in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenues and expenses in these financial statements because fair value cannot be reasonably determined.

(d) Employee Future Benefits

The Authority and its eligible employees participate in the Local Authorities Pension Plan. This is a multi-employer defined benefit pension plan that provides pensions for the Authority's participating employees, based on years of service and earnings.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Authority has insufficient information to apply defined benefit plan accounting.

Pension costs included in these financial statements comprise the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plan. The Authority's portion of the plan's deficit or surplus is not recorded by the Authority.

The Authority fully accrues it obligations for employee non-pension future benefits.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(e) Investments

Temporary investments are recorded at the lower of cost or market value.

(f) Financial Instruments

The carrying value of cash and temporary investments, accounts receivable, accounts payable and accrued vacation pay approximates their fair value because of the short-term maturity of these items.

The carrying value of long-term debt approximates its fair value because the interest rates approximate market value.

(g) Inventories

Inventories are valued at the lower of cost or net realizable value where cost is determined on an average cost basis.

(h) Capital Assets

Capital assets and construction projects in progress are recorded at cost. Capital assets costing less than $5,000 are expensed.

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful Life
Buildings	40 years
Land improvements	20 years
Building service equipment	20 years
Equipment	5-20 years
Asset development costs	3 years

Construction projects in progress are not amortized until the project is complete.

Leases transferring substantially all of the benefits and risks of ownership of capital assets to the Authority are accounted for as acquisitions of capital assets financed by long-term obligations.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(i) Measurement Uncertainty

The preparation of financial statements in accordance with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known.

Note 3 Change in Accounting Policy

Pension Obligation

The Authority has changed its method of accounting for its participation in the multi-employer defined benefit pension plan. The Authority now records pension expense equivalent to its annual contributions payable during the year. The Authority's portion of the pension plan's deficit or surplus is not recorded by the Authority. This change in accounting policy has been applied retroactively with restatement of comparative amounts. As a result of the change in accounting policy, the Authority's financial statements for the year ended March 31, 2000 have been restated as follows:

	2000		
	As previously stated	Adjustment	As restated
	(thousands of dollars)		
Net assets at beginning of year	21,342	479	21,821
Net assets at end of year	28,854	351	29,205
Pension liability	351	(351)	-
Excess of revenue over expense	7,512	(128)	7,384

Note 4 Cash and Temporary Investments

	2001	2000
	(thousands of dollars)	
Cash	2,906	4,260
Temporary investments	33,924	24,985
	36,830	29,245

Temporary investments are comprised of money market mutual fund units and interest bearing investments which accrue investment income at current market rates.

Note 5 Accounts Receivable

	2001	2000
	(thousands of dollars)	
Contributions receivable	1,870	2,731
Other receivables	3,095	3,818
	4,965	6,549

Note 6 Non-current Cash and Accounts Receivable

Non-current cash and accounts receivable are represented by the following:

	2001	2000
	(thousands of dollars)	
Cash		
Externally restricted donations for capital purposes	10	10
Externally restricted grants for capital purposes	5,411	2,231
	5,421	2,241
Accounts receivable		
Externally restricted grants for capital purposes	1,990	4,264
	7,411	6,505

Note 7 Capital Assets

	2001			2000
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
		(thousands of dollars)		
Land	3,510	-	3,510	3,510
Land improvements	2,530	1,469	1,061	1,126
Buildings and service equipment	159,948	83,061	76,887	81,306
Equipment	51,768	29,992	21,776	21,868
Asset development costs	516	507	9	181
Construction projects in progress	4,639	-	4,639	2,430
	222,911	115,029	107,882	110,421

Capital assets have been funded from the following sources:

	2001	2000
	(thousands of dollars)	
Short-term debt	425	425
Long-term debt (Note 11)	930	2,259
Unamortized external capital contributions (Note 12)	93,834	96,022
Net assets invested in capital assets	12,693	11,715
	107,882	110,421

Note 8 Other Assets

	2001	2000
	(thousands of dollars)	
Energy conservation program	317	531
Mineral rights	24	24
Cooperative's shares	3	3
	344	558

Note 8 **Other Assets (continued)**

Energy conservation program is represented by the following:

	2001	2000
	(thousands of dollars)	
Cost	978	978
Accumulated amortization	(661)	(447)
	317	531

Note 9 **Deferred Contributions**

	2001	2000
	(thousands of dollars)	
Amounts received:		
Alberta Health and Wellness contributions	974	6,279
Other government contributions	2,169	1,643
Amounts transferred to deferred capital contributions (Note 10)	(768)	(6,352)
Amounts recognized as revenue:		
Alberta Health and Wellness contributions	(607)	-
Fees and charges	(29)	-
Investment and other income	(78)	(208)
Other government contributions	(1,491)	(3,563)
Change during the year	170	(2,201)
Balance, beginning of year	6,157	8,358
Balance, end of year	6,327	6,157
Less current portion	(3,042)	(1,260)
	3,285	4,897

Note 9 **Deferred Contributions (continued)**

Unspent amounts at end of year are restricted for the following purposes:

	2001	2000
	(thousands of dollars)	
Non-current		
Health Innovation Fund	-	375
Healthy Aging Partnership Initiatives	1,504	1,628
Year 2000 upgrades	1,781	2,894
	3,285	4,897
Current		
Action For Health Children and Youth	130	-
Alberta Infrastructure renovation projects	1,596	1,072
Case costing	74	74
Human Resource Strategic	650	-
Medical Services Budget Innovation Fund project	39	-
Nurse Practitioner	347	-
O'Chiese Health	50	-
Other	98	114
Sunchild Health	58	-
	3,042	1,260
	6,327	6,157

Note 10 Deferred Capital Contributions

The deferred capital contribution balance represents amounts accounted for in accordance with the accounting policy described in Note 2(b).

	2001	2000
	(thousands of dollars)	
Amounts received:		
Restricted other government contributions	5,551	3,411
Amounts transferred from deferred contributions (Note 9)	768	6,352
Donations restricted for capital purposes	436	289
	6,755	10,052
Amounts recognized as revenue:		
Alberta Health and Wellness contributions	(75)	-
Other government contributions	(133)	-
Transferred to:		
Unamortized external capital contributions (Note 12)	(4,029)	(11,002)
Change during the year	2,518	(950)
Balance, beginning of year	1,608	2,558
Balance, end of year	4,126	1,608

Balance at end of year is restricted for the following purposes:

	2001	2000
	(thousands of dollars)	
Equipment replacement	3,317	460
Betterment of capital assets	809	1,148
	4,126	1,608

Note 11 Long-term Debt

	2001	2000
	(thousands of dollars)	
Bank loan, due in monthly installments of $6,827 including interest at 5.49%. Secured by a general assignment of book debts, maturing November 1, 2003.	747	786
Bank loan, due in monthly installments of $11,902 including interest at 5.64%. Secured by a general assignment of book debts, maturing April 1, 2001.	183	312
Bank loans	-	1,161
	930	2,259
Less current portion	(178)	(786)
Long-term portion	752	1,473

Future principal payments are estimated as follows:

2002	178
2003	92
2004	47
2005	49
2006 and thereafter	564
	930

Note 12 Unamortized External Capital Contributions

Unamortized external capital contributions reflect transactions accounted for in accordance with the accounting policy described in Note 2(b). The balance at the end of the year represents the external capital contributions that will be recognized as revenue in future years.

	2001	2000
	(thousands of dollars)	
Balance, beginning of year	96,022	90,134
Add: Amounts transferred from deferred capital contributions (Note 10)	4,029	11,002
Less: Amounts recognized as revenue	(6,217)	(5,114)
Balance, end of year	93,834	96,022

Note 13 Unrestricted and Internally Restricted Net Assets

The balance of unrestricted and internally restricted net assets can be analyzed as follows:

	2001	2000 As restated (Note 3)
	(thousands of dollars)	
Unrestricted and internally restricted net assets at Regionalization - April 1, 1995	4,676	4,676
Changes since regionalization:		
Cumulative operating surplus	19,752	13,366
Issuance of long-term debt for the purchase of capital assets	3,173	3,173
Repayment of long-term debt	(4,499)	(3,170)
Amortization on internally funded capital assets	13,158	11,065
Invested in capital assets	(13,362)	(11,620)
	18,222	12,814
	22,898	17,490
Unrestricted	1,628	1,764
Internally restricted	21,270	15,726
	22,898	17,490

Note 13 Unrestricted and Internally Restricted Net Assets (continued)

The Authority has internally restricted net assets for the following purposes:

	2001	2000
	(thousands of dollars)	
Reserve for future equipment replacement	7,260	4,571
Authority designated for specific communities	6,000	5,730
Funding reserve	7,847	4,019
Long-term debt repayment reserve	-	1,161
Other reserves	163	245
	21,270	15,726

Note 14 Budget

	Approved Budget (1)	Adjustments (2)	Reported Budget
	(thousands of dollars)		
Revenues			
Alberta Health and Wellness contributions	173,916	1,926	175,842
Other government contributions	966	1,577	2,543
Fees and charges	12,069	-	12,069
Net ancillary operations	471	(4)	467
Donations	976	-	976
Investment and other income	2,846	169	3,015
Amortization of external capital contributions	6,564	85	6,649
	197,808	3,753	201,561
Expenses			
Facility based inpatient services	48,098	(198)	47,900
Facility based emergency and outpatient services	10,363	(29)	10,334
Facility based continuing care services	23,696	27	23,723
Community and home based services	10,473	(571)	9,902
Diagnostic and therapeutic services	38,482	1,756	40,238
Promotion, prevention and protection services	5,663	327	5,990
Administration	8,585	817	9,402
Support services	38,973	1,486	40,459
Information technology and we//net	3,240	138	3,378
Amortization of facilities and improvements	4,577	-	4,577
Year 2000 remedial costs	250	-	250
	192,400	3,753	196,153
Excess of revenues over expenses	5,408	-	5,408

(1) The approved budget amounts were part of the annual Business Plan approved by the Board of the Authority on September 6, 2000 and subsequently approved by the Minister of Health and Wellness.

Note 14 Budget (continued)

(2) During the year, the Minister of Health approved the following additional funding and adjustments:

	Revenues	Expenses
	(thousands of dollars)	
Alberta Health and Wellness contributions	1,926	1,926
Other government contributions	1,577	1,577
Classification adjustments & allocations	250	250
	3,753	3,753

Alberta Health and Wellness Contributions

Subsequent to the submission of the approved Business Plan, Alberta Health and Wellness provided additional funds to the Authority, which were allocated to Board approved activities.

Other Government Contributions

The Authority received certain project related funding in excess of what was recorded in the approved Business Plan. Since the programs were approved by the Authority's management, the budget was adjusted to reflect these project amounts.

Classification Adjustments

The Business Plan submitted to Alberta Health and Wellness included significant budget allocations, such as contingencies for employee salary negotiations, based on management estimates. The budget was subsequently adjusted for actual allocations as they became known. In addition, the classification of $622,000 of Community and home based service budgeted expenditures were reclassified as Support services in order to comply with Alberta Health and Wellness reporting requirements.

David Thompson Health Authority
Notes to the Financial Statements
For the Year Ended March 31, 2001

Note 15 Alberta Health and Wellness Contributions

	2001 Budget	2001 Actual	2000 Actual
	(thousands of dollars)		
Unrestricted contributions	175,157	176,808	156,741
Restricted contributions			
Year 2000 remedial costs	250	366	2,544
Health Innovation Fund and Other	238	187	-
Restricted contributions made by Alberta Health and Wellness directly to contracted health service operators for capital upgrade	197	197	197
	175,842	177,558	159,482

Note 16 Other Government Contributions

	2001 Budget	2001 Actual	2000 Actual
	(thousands of dollars)		
Alberta Infrastructure	1,197	1,334	817
Fair value of rent for non-acute care facilities used by the Authority	216	216	216
Other contributions	1,130	1,489	426
	2,543	3,039	1,459

David Thompson Health Authority
Notes to the Financial Statements
For the Year Ended March 31, 2001

Note 17 Net Ancillary Operations

	2001 (thousands of dollars)									2000
	Non-patient Food Services Operations	Laundry Operations	Lab Services	Parking Operations	TV Telephone	David Thompson Dispensary	Other	Total	Budget	Total
Revenues										
Revenues	756	120	369	829	97	429	17	2,617	2,467	2,808
Expenses										
Other expenses	746	114	360	438	45	435	1	2,139	1,985	2,268
Amortization	1	7	9	8	-	-	-	25	15	19
	747	121	369	446	45	435	1	2,164	2,000	2,287
Excess (deficiency) of revenues over direct expenses, 2001	9	(1)	-	383	52	(6)	16	453	467	521
Excess (deficiency) of revenues over direct expenses, 2000	35	-	-	329	41	119	(3)	521		

Note 18 Investment and Other Income

	2001 Budget	2001 Actual	2000 Actual
	(thousands of dollars)		
Unrestricted investment income	1,438	2,277	2,349
Other income	1,577	2,298	2,553
	3,015	4,575	4,902

Investment income is comprised of interest and gain on sale of shares.

Other income is comprised of various revenue and expense recoveries external to the Authority.

Note 19 Administration

	2001 Budget	2001 Actual	2000 Actual As restated (Note 3)
	(thousands of dollars)		
General administration	4,561	4,385	4,076
Finance	2,774	2,666	2,680
Human resources	2,067	2,172	1,835
	9,402	9,223	8,591

Note 20 Support Services

	2001 Budget	2001 Actual	2000 Actual As restated (Note 3)
	(thousands of dollars)		
Bio-medical engineering	230	236	119
Building maintenance, operations and security	9,280	9,680	8,534
Communications	930	873	874
Education	1,884	2,004	1,437
Housekeeping	5,738	5,595	5,030
Laundry and linen	2,519	2,599	2,216
Materials management	3,801	3,822	3,546
Patient food services	7,906	7,770	7,317
Patient health records	3,784	3,385	2,676
Patient registration	1,936	1,850	1,587
Patient internal transportation	2,088	2,586	2,267
Volunteer services	363	355	325
	40,459	40,755	35,928

Note 21 Information Technology and Alberta We//net

	2001 Budget	2001 Actual	2000 Actual
	(thousands of dollars)		
Alberta We//net	916	925	873
Information systems support	2,462	2,474	2,367
	3,378	3,398	3,240

During the 2000/2001 fiscal year, the Authority contributed $752,000 directly to the Alberta We//net initiative and amortized $173,000 of assets under development.

Alberta We//net is the province-wide strategic initiative to build a health information network. The initiative brings together a broad spectrum of health professionals into multi-disciplinary teams to put information technology to work to improve the delivery of health services to all Albertans. Alberta We//net brings together doctors, nurses, regional health authorities, pharmacists, the Alberta Cancer Board, the Alberta Mental Health Board, universities and faculties of medicine, a national health information institute and Alberta Health in the planning and implementation of the network.

The Authority's contribution has been applied toward planning and predevelopment activities that will produce clinical and administrative deliverables, or to develop applications to support We//net initiatives. In accordance with Generally Accepted Accounting Principles, the costs relating to the development of applications have been capitalized as asset development costs and the remainder has been expensed in the fiscal year.

Note 22 Changes in Non-Cash Working Capital Accounts

The changes in non-cash working capital accounts are as follows:

	2001	2000
	(thousands of dollars)	
Accounts receivable	1,584	(2,031)
Inventories	(251)	15
Prepaid expenses	61	(418)
Accounts payable	(2,162)	2,780
Accrued vacation pay	949	865
Current portion of deferred contributions	1,782	318
	1,963	1,529

Note 23 Related Parties

(a) Controlled Foundations

The Authority controls the Red Deer Regional Hospital Centre Foundation (the Foundation). This control is a result of the Authority having significant economic interest in the Foundation and the purpose of the Foundation is integrated with the Authority. However, the Foundation is not consolidated in these financial statements.

Financial information for the Foundation is as follows:

	2001	2000
	(thousands of dollars)	
Total assets	3,784	4,182
Total liabilities	2,070	2,428
Net assets	1,714	1,754
Revenues	1,443	1,613
Expenses	1,525	1,341
Excess (deficiency) of revenues over expenses	(82)	272

Note 23 Related Parties (continued)

(a) Controlled Foundations (continued)

Financial information for the Foundation, is continued as follows:

Contributions Received by the Authority		Resources Held by the Foundation	
Year ended March 31,		As at March 31, 2001	
2001	2000	Externally Restricted	Unrestricted
(thousands of dollars)			
1,265	1,100	700	1,014

The Foundation's financial statements were prepared using the restricted fund method of accounting.

Contributions include externally restricted amounts for equipment, programs, research and education for the Red Deer Regional Hospital Centre.

The value of administrative support provided to the Foundation and the accounts receivable from the Foundation at year-end are as follows:

Administrative Support		Accounts Receivable	
Year ended March 31,		As at March 31, 2001	
2001	2000	Externally Restricted	Unrestricted
(thousands of dollars)			
10	10	158	26

Note 23 Related Parties (continued)

(b) Voluntary and Private Health Service Operators

The Authority contracts with voluntary and private health service operators to provide health services in the Region. The health service operators and the amount of the contracted health services for the year are as follows:

	2001				2000
	(thousands of dollars)				
	Direct Authority Funding	Direct Alberta Health Funding	Approved Patient Fees and Charges	Total	Total
DKML/CHA/Crossroads					
Laboratories	3,312	-	-	3,312	2,879
Northcott Care Centre	2,049	197	713	2,959	2,736
St. Mary's Health Care Centre	1,289	-	237	1,526	1,634
Private physiotherapy clinics	1,221	-	-	1,221	1,218
Other	204	-	-	204	121
	8,075	197	950	9,222	8,588

The Authority views the relationships with these voluntary and private health service operators as ones where an economic interest exists. The Authority transfers significant resources to these organizations. These organizations are required to perform functions on behalf of the reporting organization that are integral to the Authority achieving its objectives.

The expenses related to these activities have been recorded as follows:

	2001	2000
	(thousands of dollars)	
Northcott Care Centre and St. Mary's Health Care Centre		
Facility based continuing care services	2,176	1,967
Diagnostic and therapeutic services	417	459
Administration	585	612
Support services	1,307	1,332
	4,485	4,370
All other operators		
Promotion, protection and prevention	72	-
Diagnostic and therapeutic services	4,665	4,218
	9,222	8,588

Note 23 Related Parties (continued)

(c) Provincial Government

The Authority is established under the Regional Health Authorities Act and the Minister of Health and Wellness appoints the members of the Authority's board of directors. Transactions between the Authority and the Provincial Government/Alberta Health and Wellness are disclosed in the Statement of Operations and in notes 9 and 15 to the financial statements.

Note 24 Pension Costs

The Authority participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equivalent to the Authority's annual contributions payable of $3,699,000 for the year ended March 31, 2001 (2000, $3,314,000).

At December 31, 2000, the Local Authorities Pension Plan reported a surplus of $884,000 (1999, $880,000).

Note 25 Comparative Figures

Certain comparative figures have been reclassified to conform with the current year presentation.

Schedule 1

David Thompson Regional Health Authority
Schedule of Expenses by Object
For the Year Ended March 31, 2001
(thousands of dollars)

	Budget	2001	2000 As restated (Note 3)
Salaries, benefits, allowances and severance (Schedule 2)	137,609	139,252	123,520
Contracts with health service operators (Note 23(b))	9,333	9,222	8,588
Drugs, medical and surgical supplies	10,467	10,653	10,197
Consulting services and interpretation fees	4,886	5,210	4,549
Interest on long-term debt	100	103	146
Other	27,109	28,544	25,353
Amortization:			
Capital equipment - internally funded	1,549	1,813	1,682
Capital equipment - externally funded	2,523	1,994	881
Facilities and improvements	4,577	4,501	4,446
	198,153	201,292	179,362
Less amount reported in ancillary operations (Note 17)	2,000	2,164	2,287
	196,153	199,128	177,075

Schedule 2

David Thompson Regional Health Authority
Schedule of Salaries, Honoraria, Benefits, Allowances and Severance
For the Year Ended March 31, 2001
(thousands of dollars)

	2001							2000			
					Severance (4)						
	Number of individuals (1)	Salaries and Honoraria (2)	Benefits and Allowances (3)	Subtotal	Number of individuals	Amount	Total	Number of individuals (1)	Salaries, Honoraria, Benefits & Allowances	Severance	Total
Authority Board Compensation											
RHA Chairperson											
Graham, J. – Provincial business		10		10			10		10		10
DTRHA business		27		27			27		21		21
RHA Board Members											
Crossley, R.		[illegible]		[illegible]			[illegible]		[illegible]		[illegible]
Fowler, R. D.		[illegible]		[illegible]			[illegible]		[illegible]		[illegible]
Gamble, I.		[illegible]		[illegible]			[illegible]		[illegible]		[illegible]
Gillespie, E. S.		[illegible]		[illegible]			[illegible]		[illegible]		[illegible]
Manning, R.		[illegible]		[illegible]			[illegible]		[illegible]		[illegible]
McFayden, D.		[illegible]		[illegible]			[illegible]		[illegible]		[illegible]
Millman, B.		[illegible]		[illegible]			[illegible]		[illegible]		[illegible]
[illegible]		[illegible]		[illegible]			[illegible]		[illegible]		[illegible]
[illegible]		[illegible]		[illegible]			[illegible]		[illegible]		[illegible]
Saunders, D.		[illegible]		[illegible]			[illegible]		[illegible]		[illegible]
Thompson, R.		[illegible]		[illegible]			[illegible]		[illegible]		[illegible]
[illegible]		[illegible]		[illegible]			[illegible]		[illegible]		[illegible]
[illegible]		[illegible]		[illegible]			[illegible]		[illegible]		[illegible]
Total honoraria		131		131			131		119		119
Staff											
Chief Executive Officer											
[illegible], J.	1.00	175	17	192			192	1.00	162		162
Management persons reporting to the CEO											
Sr. Vice President - Client care operations	1.00	118	14	132			132	1.00	123		123
Vice President - Clinical support services	1.00	109	13	122			122	1.00	114		114
Vice President - Community care	1.00	109	13	122			122	1.00	114		114
Vice President - Corporate support services	1.00	109	13	122			122	1.00	114		114
Vice President - Corporate planning & facility support services	1.00	109	13	122			122	1.00	114		114
Vice President - Medical	1.00	211	14	225			225	0.75	100		100
Medical Chief of Staff								0.25	50		50
Medical Officer of Health Consultant	0.24	13		13			13				
Medical Officer of Health	1.00	130	10	140			140	1.00	140		140
Other management persons reporting to those above (avg. 2001 $66, avg. 2000 $59 excluding severance)	[illegible]	2,929	365	3,294			3,294	[illegible]	3,238	254	3,492
Other management (avg. 2001 $71, avg. 2000 $73)	[illegible]	3,591	412	4,003			4,003	53.81	3,910		3,910
Medical doctors not included above (incl. compensation fees) (avg. 2001 $187, avg. 2000 $199)	[illegible]	837	81	918			918	5.04	[illegible]		[illegible]
Registered nurses not included above (avg. 2001 $55, avg. 2000 $52)	[illegible]	48,740	7,093	55,833			55,833	[illegible]	49,540		49,540
Other health technical and professionals (avg. 2001 $53, avg. 2000 $50)	445.16	21,957	1,473	23,430			23,430	[illegible]	[illegible]		[illegible]
Unregulated health service providers (avg. 2001 $31, avg. 2000 $29)	419.50	11,537	1,389	12,926			12,926	393.11	11,313		11,313
Other staff (avg. 2001 $35, avg. 2000 $34)	[illegible]	33,406	4,087	37,493	1.00	38	37,531	[illegible]	35,612		35,612
Total staff	[illegible]	123,851	15,207	139,058	1.00	38	[illegible]	2,845.74	[illegible]	254	123,451
Total honoraria and staff		124,020	15,207	139,227	1.00	38	139,265		[illegible]	254	[illegible]

Schedule 2 (continued)

David Thompson Regional Health Authority
Schedule of Salaries, Honoraria, Benefits, Allowances and Severance
For the Year Ended March 31, 2001

(1) Full time equivalent (FTE) has been determined in annual hours as follows:

Management persons reporting to the CEO	2,022.75
Other management	2,022.75 All other
	1,794.00 Community Health
Regulated nurses	1,921.48 Registered nurses
	2,022.75 Licensed Practical Nurses
	1,794.00 Community Health Nurses
Other technical health and professional	2,022.75 All other
	1,794.00 Community Health
Unregulated health service providers	2,022.75 All other
	1,794.00 All other
Other staff	2,022.75 All other
	1,794.00 Community Health

Total actual discrete number of individuals employed: 4,237 (2000: 4,044)

(2) Salaries include regular base pay, overtime, lump sum payments, honoraria and any other direct cash remuneration including sick leave, short-term disability and vacation.

(3) Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, out of country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, Employment Insurance, workers compensation, car benefits and allowances and tuition.

(4) Severance includes:

All monies paid directly or on behalf of an employee upon termination which have not been included in salaries and benefits.

(5) The total amount is reported in the following schedules:

	2001	2000 As restated
	(thousands of dollars)	
Schedule 1 - Expenses by Object	139,252	123,520
Consulting services - Medical Officer of Health	13	50
Total	139,265	123,570

Schedule 3

David Thompson Regional Health Authority
Three Year Summary of Revenues and Expenses
For the Period Commencing April 1, 1998
(thousands of dollars)

	Actual		
	2001	2000	1999
		(As restated) (Note 3)	
Revenues			
Alberta Health and Wellness contributions	177,558	159,482	143,986
Other government contributions	3,039	1,459	934
Fees and charges	12,708	12,115	11,497
Net ancillary operations	453	521	539
Donations	964	866	990
Investment and other income	4,575	4,902	3,390
Amortization of external capital contributions	6,217	5,114	5,287
	205,514	184,459	166,623
Expenses			
Facility based inpatient acute services	49,154	43,619	39,666
Facility based emergency and outpatient services	10,835	9,441	8,560
Facility based continuing care services	24,465	21,190	19,823
Community and home based services	9,518	8,430	8,798
Diagnostic and therapeutic services	40,668	34,401	31,494
Promotion, prevention and protection services	6,184	5,245	4,942
Administration	9,223	8,591	8,285
Support services	40,755	35,928	33,557
Information technology and we//net	3,398	3,240	2,257
Amortization of facilities and improvements	4,501	4,446	4,494
Year 2000 remedial costs	427	2,544	2,403
	199,128	177,075	164,279
Excess of revenues over expenses	6,386	7,384	2,344

East Central Regional Health Authority 7

Financial Statements

March 31, 2001

EAST CENTRAL REGIONAL HEALTH AUTHORITY 7

FINANCIAL STATEMENTS

MARCH 31, 2001

Auditor's Report

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AUDITOR
GENERAL
Alberta

AUDITOR'S REPORT

To the Members of the East Central Regional Health Authority 7
And the Minister of Health and Wellness.

I have audited the statement of financial position of the East Central Regional Health Authority 7 ("the Authority") as at March 31, 2001 and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Peter Valentine FCA
Auditor General

Edmonton, Alberta
June 8, 2001

EAST CENTRAL REGIONAL HEALTH AUTHORITY 7

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

FINANCIAL STATEMENTS

MARCH 31, 2001

The accompanying financial statements are the responsibility of management and have been approved by the Authority. The financial statements were prepared in accordance with Canadian generally accepted accounting principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgments.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority has established a code of ethics and corporate directives, which require communication of the code to employees.

The Authority members carry out their responsibility for the financial statements through the Finance and Human Resources Committee. This Committee meets with management and the Auditor General to discuss and review financial matters, and recommends the financial statements to the East Central Regional Health Authority 7 Board for approval. The Auditor General has full and free access to the Finance and Human Resources Committee.

The Auditor General provides an independent audit of the financial statements. His examination is conducted in accordance with Canadian generally accepted auditing standards and includes tests and other procedures, which allow him to report on the fairness of the financial statements prepared by management.

Steve Petz
President and
Chief Executive Officer

Norm Petherbridge, CA
Chief Financial Officer

EAST CENTRAL REGIONAL HEALTH AUTHORITY 7

STATEMENT OF FINANCIAL POSITION

March 31, 2001

(thousands of dollars)

	2001	2000 (as restated - Note 3)
ASSETS		
Current:		
Cash and temporary investments (Note 4)	$ 17,845	$ 16,549
Accounts receivable	2,346	1,422
Contributions receivable	102	343
Inventories	529	514
	20,822	18,828
Non-current cash and investments (Note 4)	4,985	1,233
Capital assets (Note 5)	77,418	79,830
TOTAL ASSETS	$ 103,225	$ 99,891
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable	$ 8,031	$ 6,928
Accrued vacation pay	4,107	3,759
Deferred contributions (Note 6)	703	2,310
	12,841	12,997
Deferred contributions (Note 6)	907	1,205
Deferred capital contributions (Note 7)	4,078	28
Unamortized external capital contributions (Note 8)	73,634	76,633
	91,460	90,863
Net assets:		
Unrestricted (Note 9)	7,981	5,831
Investment in capital assets	3,784	3,197
	11,765	9,028
TOTAL LIABILITIES AND NET ASSETS	$ 103,225	$ 99,891

The accompanying notes and schedules are part of these financial statements.

EAST CENTRAL REGIONAL HEALTH AUTHORITY 7

STATEMENT OF OPERATIONS

MARCH 31, 2001

(thousands of dollars)

	2001		2000
	Budget (Note 10)	Actual	Actual (as restated - Note 3)
Revenue			
Alberta Health and Wellness contributions (Note 11)	$ 118,701	$ 118,364	$ 110,958
Other government contributions (Note 12)	5,268	4,230	4,883
Fees and charges	11,292	11,271	11,220
Ancillary operations, net (Note 13)	48	48	78
Donations	-	283	310
Investment and other income (Note 14)	1,609	1,934	1,537
Amortization of external capital contributions, health operations (Note 8)	4,044	3,883	3,826
TOTAL REVENUE	140,962	140,013	132,812
Expenses (Schedule 1)			
Facility-based inpatient acute services	25,682	25,232	22,823
Facility-based emergency and outpatient services	2,539	3,142	3,336
Facility-based continuing care services (Note 15)	26,376	26,542	24,865
Community and home based services	13,333	13,464	12,945
Diagnostic and therapeutic services	19,682	18,810	18,115
Promotion, prevention and protection services	3,659	3,783	2,803
Research and education	67	54	65
Administration (Note 16)	9,057	9,204	8,378
Information technology and wc//net (Note 17)	1,855	1,847	1,718
Year 2000 remedial costs	-	48	1,364
Support services (Note 18)	33,264	31,906	30,734
Amortization of facilities and improvements	3,275	3,154	3,152
TOTAL EXPENSES	138,789	137,186	130,298
Excess of revenue over expenses	$ 2,173	$ 2,827	$ 2,514

EAST CENTRAL REGIONAL HEALTH AUTHORITY 7

STATEMENT OF CHANGES IN NET ASSETS

March 31, 2001

(thousands of dollars)

	2001			2000
	Unrestricted (Note 9)	Invested in Capital Assets	Total	(as restated - Note 3) Total
Excess of revenue over expense	$ 2,827	$ -	$ 2,827	$ 2,514
Capital assets purchased with internal funds	(1,076)	1,076	-	-
External funding of capital assets previously accounted for as internal funding	10	(10)	-	-
Amortization on internally funded capital assets:				
capital equipment	386	(386)	-	-
facilities and improvements	3	(3)	-	-
Refund of capital contributions from proceeds on sale of land	-	(90)	(90)	-
Net change to unrestricted net assets	2,150	587	2,737	2,514
Balance at beginning of year as restated (Note 3)	5,831	3,197	9,028	6,514
Balance at end of year	$ 7,981	$ 3,784	$ 11,765	$ 9,028

EAST CENTRAL REGIONAL HEALTH AUTHORITY 7

STATEMENT OF CASH FLOWS

March 31, 2001

(thousands of dollars)

	2001		2000
	Budget	Actual	Actual (as restated - Note 3)
Cash generated from (used by):			
Operating activities:			
Excess of revenue over expense	$ 2,173	$ 2,827	$ 2,514
Non-cash transactions:			
Amortization of capital equipment:			
internally funded	478	386	318
externally funded	773	744	813
Amortization of facilities and improvements	3,275	3,154	3,152
Amortization of external capital contributions	(4,048)	(3,885)	(3,828)
Gain on disposal of capital equipment	-	(3)	(11)
	2,651	3,223	2,958
Change in non-cash working capital account (Note 19)	(955)	(854)	(2,971)
Cash generated from (used by) operations	1,696	2,369	(13)
Investing activities:			
Purchase of capital assets:			
internally funded	(2,451)	(1,076)	(807)
externally funded (Note 7):			
equipment	(370)	(886)	(863)
facilities and improvements	-	-	(248)
Proceeds on sale of capital assets	-	93	14
Increase in allocations to non-current cash	-	(3,752)	(1,006)
Cash used by investing activities	(2,821)	(5,621)	(2,910)
Financing activities:			
Increase (decrease) in non-current deferred contributions (Note 6)	-	(298)	1,205
Capital contributions received (Note 7)	370	4,936	912
Refund of capital contributions from proceeds on sale of land	-	(90)	-
Cash generated from financing activities	370	4,548	2,117
Increase (decrease) in cash and temporary investments	(755)	1,296	(806)
Cash and temporary investments, beginning of year	16,549	16,549	17,355
Cash and temporary investments, end of year	$ 15,794	$ 17,845	$ 16,549

EAST CENTRAL REGIONAL HEALTH AUTHORITY 7

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2001

(thousands of dollars)

Note 1 Authority, Purpose and Operations

The East Central Regional Health Authority 7 (the "Authority") was established on June 24, 1994 under the authority of the Regional Health Authority Act, Chapter R-9.07, and Statutes of Alberta 1994. The Authority is exempt from the payment of income tax and is a registered charity under the Income Tax Act.

The Authority is responsible for the delivery of appropriate, accessible and affordable health services in the region. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well being.

The operations of the Authority include the following facilities and sites:

- Camrose Community Health Services
- Castor Community Health Services
- Consort Community Health Services
- Consort Health Centre
- Coronation Community Health Services
- Coronation Health Centre
- Daysland Health Centre
- Galahad Health Centre
- Hardisty Health Centre
- Islay Health Centre
- Kitscoty Community Health Services
- Mannville Health Centre
- Provost Community Health Services
- Provost Health Centre
- Sedgewick Community Health Services
- Stettler Community Health Services
- Stettler Health Centre
- Tofield Community Health Services
- Tofield Health Centre
- Vermilion Community Health Services
- Vermilion Health Centre
- Viking Community Health Services
- Viking Health Centre
- Wainwright Community Health Services
- Wainwright Health Centre

Note 1 Authority, Purpose, and Operations (continued)

These financial statements do not include the assets, liabilities and operations of any voluntary or private facilities providing health services in the region. Information on these facilities is disclosed in Note 20(d).

Note 2 Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and the reporting requirements of Financial Directive 18 issued by Alberta Health and Wellness which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Following are the significant accounting policies:

(a) Basis of Presentation

(1) These financial statements do not include the assets, liabilities nor operations of the foundations described in Note 20(b), which are controlled by the Authority.

(2) These financial statements have been prepared using the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year when they become receivable.

(ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year when related expenses are incurred.

(iii) Externally restricted capital contributions are recorded as deferred capital contributions until the amount is invested in capital assets. Amounts invested representing externally funded capital assets are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

(iv) Endowments and restricted contributions to purchase capital assets, which will not be amortized, are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year it is earned.

(vi) Investment income subject to external restrictions is, depending on the nature of the restrictions, recorded as a direct increase to net assets, or is deferred and recognized as revenue in the year the related expenses are incurred.

(vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(b) Full Cost

The Authority accounts for all costs and revenues related to services carried out for which it is responsible.

The fair value of costs of services is recorded. Fair value transactions as recorded consist of the following:

(i) Revenue earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as fees and charges of the Authority. An equivalent amount is recorded as contracted health service operator expense of the Authority.

(ii) Payments from Alberta Health and Wellness directly to contracted health service operators are recorded as revenue and an equivalent amount recorded as program expenses as these payments represent part of the cost of the Authority's health programs.

(iii) The fair value for use of acute care facilities not owned by the Authority is recorded as revenue from other government contributions or from donations, and also recorded as program expense, since contract payments from the Authority do not include an amount for use of these facilities.

(iv) The fair value for the use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expenses.

(v) Other assets, supplies and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers contribute a significant amount of time each year to assist the Authority in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenue and expenses in the financial statements because fair value cannot be reasonably determined.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(c) Employee Future Benefits

The Authority participates in the Local Authorities Pension Plan. This is a multi-employer defined benefit pension plan that provides pensions for the Authority's participating employees, based on years of service and earnings.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Authority has insufficient information to apply defined benefit plan accounting.

Pension costs included in these financial statements comprise the amount of employer contributions required for its employees during the year, based on rates which are expected to provide benefits payable under the pension plans. The Authority's portion of the pension plan deficit or surplus is not recorded.

The Authority fully accrues its obligation for employee non-pension future benefits.

(d) Investments

Temporary investments are recorded the lower of cost or net realizable value.

Non-current investments are recorded at cost. Cost includes the amount of applicable amortization of discount or premium using the straight-line method over the period to maturity. The cost of disposal is determined on the average cost basis. Gains or losses realized on disposal are recognized in the period of disposal.

Where there has been a loss in the value of an investment other than a temporary decline, the investment is written down to recognize the loss. The written down value is deemed to be the new cost.

(e) Financial Instruments

The carrying value of accounts receivable, contributions receivable, accounts payable and accrued liabilities approximates their fair value because of the short-term maturity of these items.

(f) Inventories

Inventories are valued at the lower of cost (moving average) or net realizable value.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(g) Capital Assets

Capital assets and technology projects in progress are recorded at cost. Capital assets costing less than $5,000 are expensed.

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful Life
Land improvements	10-20 years
Buildings and improvements	20-40 years
Furniture and equipment	5-20 years

Technology projects in progress are not amortized until the project is complete.

(h) Trust Funds Received by the Authority for Non-owned Facilities

The Authority receives trust funds from Alberta Infrastructure that are to be paid to operators of non-owned facilities for capital purposes or facility repairs. These amounts are not reflected in these financial statements but are disclosed in Note 23.

Note 3 Change in Accounting Policy and Prior Period Correction

(a) Change in Accounting Policy - Pension Obligation

The Authority has changed its method of accounting for its participation in multi-employer defined benefit pension plans. The Authority now records pension expense equivalent to its annual contributions payable during the year. The Authority's portion of the pension plan's deficit or surplus is not recorded. This change in accounting policy has been applied retroactively with restatement of comparative amounts. As a result of the change in accounting policy, the Authority's financial statements for the year ended March 31, 2000 have been restated.

(b) Prior Period Correction

At regionalization on April 1, 1995, funds that had been used to acquire land were recorded incorrectly as unamortized external capital contributions instead of as net assets invested in capital assets.

Note 3 Change in Accounting Policy and Prior Period Correction (continued)

The adjustments and restatement for the change in accounting policy (a) and the prior period correction (b) are as follows:

	2000		
	As previously stated	Adjustment	Restated
		$ 300 (a)	
		1,162 (b)	
Net assets at beginning of year	$ 5,052	$ 1,462	$ 6,514
		$ 185 (a)	
		1,162 (b)	
Net assets at end of year	$ 7,681	$ 1,347	$ 9,028
Pension liability	$ 185	$ (185) (a)	$ -
Unamortized external capital contributions	$ 77,795	$ (1,162) (b)	$ 76,633
Excess of revenue over expenses	$ 2,629	$ (115) (a)	$ 2,514

If the prior period correction had not been made, unamortized external capital contributions for the current year would have increased, and net assets invested in capital assets decreased by $1,072. The effect on the current year of the change in accounting policy for the pension obligation is not determinable.

Note 4 Cash and Temporary Investments

	2001	2000
Cash	$ 6,660	$ 1,701
Fixed income investments	13,246	13,166
Equities	2,924	2,915
	$ 22,830	$ 17,782
Market value of cash and temporary investments	$ 22,753	$ 17,752
Classified as:		
Current	$ 17,845	$ 16,549
Non-current	4,985	1,233
	$ 22,830	$ 17,782

(i) Income and financial returns are exposed to credit and price risks. Credit risk relates to the possibility that a loss may occur when another party fails to perform according to terms of the contract. Price risk comprises interest rate risk and market risk. Interest rate risk relates to the possibility that investments will change in value with future fluctuations in market interest rates. Market risk relates to the possibility that investments will change in value due to future fluctuations in market prices.

Note 4 Cash and Temporary Investments (continued)

To earn optimal financial returns at an acceptable level of risk, management has established a policy asset mix of 50% to 90% for fixed-income instruments and 0% to 20% for equities. Risk is reduced through asset class diversification, diversification within each asset class and quality constraints on fixed-income and equity instruments.

(ii) Publicly traded fixed-income instruments are managed with the objective of providing optimal returns while maintaining maximum security of capital. Return is optimized within risk constraints on the portfolio by management of portfolio duration and issuer mix.

Fixed-income securities, such as bonds, have an average effective yield of 4.7% per annum for securities maturing between 1 and 31 years. As at March 31, 2001, the securities have the following term structure based on par:

1 to 5 years	25%
6 to 10 years	42%
Over 10 years	33%

(iii) Equities comprise publicly traded equities. Risk is reduced by prudent security selection.

Non-current cash and investments represent the following:

	2001	2000
Externally restricted for Health Aging Partnership Initiatives	$ 907	$ 1,205
Externally restricted for capital acquistions	4,078	28
	$ 4,985	$ 1,233

Note 5 Capital Assets

	2001			2000
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 1,072	$ -	$ 1,072	$ 1,162
Land improvements	3,351	2,131	1,220	1,359
Buildings and improvements	119,146	49,379	69,767	72,779
Furniture and equipment	25,005	19,958	5,047	4,530
Technology projects in progress	312	-	312	-
	$ 148,886	$ 71,468	$ 77,418	$ 79,830

Capital assets have been funded from the following sources:

	2001	2000 (as restated - Note 3)
Externally funded (unamortized external capital contributions)	$ 73,634	$ 76,633
Internally funded (invested in capital assets)	3,784	3,197
	$ 77,418	$ 79,830

Note 6 Deferred Contributions

	2001	2000
Amounts received from:		
Alberta Health and Wellness:		
Healthy Aging Partnership Initiatives	$ -	$ 1,205
Archival Blood Review	50	-
Federal equipment funding	378	-
Other government	1,042	2,207
Donors	24	-
Interest on externally restricted contributions	-	92
Amounts recognized as revenue:		
Alberta Health and Wellness (Note 11)	(749)	(1,362)
Other government (Note12)	(1,710)	(2,340)
Donations	(32)	
Unexpended amounts returned	(716)	-
Amounts transferred to deferred capital contributions (Note 7)	(192)	(639)
Change during the year	(1,905)	(837)
Balance, beginning of year	3,515	4,352
	$ 1,610	$ 3,515
Change during the year comprises:		
Current	$ (1,607)	$ (2,042)
Non-current	(298)	1,205
	$ (1,905)	$ (837)
Unspent amounts at end of year restricted for the following purposes:		
Current:		
Capital upgrading projects	$ 645	$ 1,245
Primary Health Services Projects	-	104
Fetal Alcohol Syndrome Project	8	6
Archival Blood Review	50	-
Year 2000	-	955
	703	2,310
Long-term:		
Healthy Aging Partnership Initiatives	907	1,205
	$ 1,610	$ 3,515

Note 7 Deferred Capital Contributions

Deferred capital contributions balance represents amounts accounted for in accordance with accounting policy described in Note 2(a)(2).

	2001	2000
Amounts received:		
Restricted Alberta Health and Wellness contributions:		
alberta we//net	$ -	$ 50
Restricted other government contributions	4,627	35
Donations restricted for capital purposes	119	188
	4,746	273
Amounts transferred from deferred non-capital contributions (Note 6)	192	639
Capital amounts transferred to trust (Heliport construction)	(2)	-
	4,936	912
Transferred to:		
Unamortized external capital contributions (Note 8)	(886)	(1,111)
Change during the year	4,050	(199)
Balance, beginning of year	28	227
Balance, end of year	$ 4,078	$ 28

Balance at end of the year is restricted for the following purposes:		
Information technology project (pharmacy)	$ 178	$ -
Major capital project (The Bethany Group - Camrose)	3,900	-
Equipment replacement	-	26
Heliport construction	-	2
	$ 4,078	$ 28

Note 8 Unamortized External Capital Contributions

Unamortized external capital contributions reflect transactions accounted in accordance with the accounting policy described in Note 2(a)(2). The balance at end of year represents the external capital contributions that will be recognized as revenue in future years.

	2001	2000 (as restated - Note 3)
Balance at beginning of year	$ 76,633	$ 79,350
Add amounts transferred from deferred capital contributions (Note 7)	886	1,111
Less amounts recognized as revenue:		
Health operations	(3,883)	(3,826)
Ancillary operations (Note 13)	(2)	(2)
	$ 73,634	$ 76,633

Note 9 Unrestricted Net Assets

The balance of unrestricted net assets can be analyzed as follows:

	2001	2000 (as restated - Note 3)
Unrestricted net assets at regionalization - April 1, 1995	$ 2,871	$ 2,871
Changes since regionalization:		
Cumulative operating surplus	6,591	3,854
Invested in capital assets (net of amortization)	(1,481)	(894)
Balance	$ 7,981	$ 5,831

Note 10 Budget

	Approved Budget (1)	Additional Funding (2)	Reclassifications (3)	Reported Budget
Revenue				
Alberta Health and Wellness contributions	$ 118,323	$ 378	$ -	$ 118,701
Other government contributions	5,268	-	-	5,268
Fees and charges	11,292	-	-	11,292
Ancillary operations, net	48	-	-	48
Donations	-	-	-	-
Investment and other income	1,609	-	-	1,609
Amortization of external capital contributions	4,044	-	-	4,044
	140,584	378	-	140,962
Expenses				
Facility-based inpatient acute services	25,406	276	-	25,682
Facility-based emergency and outpatient services	2,539	-	-	2,539
Facility-based continuing care services	26,376	-	-	26,376
Community and home based services	13,974	-	(641)	13,333
Diagnostic and therapeutic services	19,580	102	-	19,682
Promotion, prevention and protection services	3,018	-	641	3,659
Research and education	67	-	-	67
Administration	9,057	-	-	9,057
Information technology and we//net	1,855	-	-	1,855
Year 2000 remedial costs	-	-	-	-
Support services	33,264	-	-	33,264
Amortization of facilities and improvements	3,275	-	-	3,275
	138,411	378	-	138,789
Excess of revenue over expense	$ 2,173	$ -	$ -	$ 2,173

(1) The budget was approved by the Authority on August 17, 2000, and approved by the Minister of Health and Wellness.

(2) Additional funding was received from Alberta Health and Wellness for federal equipment grants and was provided to the voluntary and private health service operators for capital equipment purchases.

(3) Adjustments were made for reallocation of grants to the Lloydminster Health District to the appropriate object of expenditure.

Note 11 Alberta Health and Wellness Contributions

	2001		2000
	Budget	Actual	Actual
Unrestricted contributions	$ 118,521	$ 117,452	$ 109,413
Transfers from deferred contributions (Note 6)	-	749	1,362
Capital upgrade	180	163	183
	$ 118,701	$ 118,364	$ 110,958

Note 12 Other Government Contributions

	2001		2000
	Budget	Actual	Actual
Transfers from deferred contributions (Note 6):			
Alberta Infrastructure	$ 2,500	$ 1,570	$ 2,156
Others	225	140	184
	2,725	1,710	2,340
Fair value of rent less rent charges for non-acute care facilities used by the Authority	426	403	426
Fair value for use of non-owned acute care facilities	2,117	2,117	2,117
	$ 5,268	$ 4,230	$ 4,883

Note 13 Ancillary Operations

	2001					2000
	Non-Patient Food Services Operations	Assisted Living Projects	Other Operations	Total	Budget	Total
Revenue						
Revenue	$ 604	$ 170	$ 124	$ 898	$ 882	$ 1,124
Amortization of deferred capital contributions (Note 8)	2	-	-	2	4	2
	606	170	124	900	886	1,126
Expenses						
Other expenses	603	187	58	848	828	1,038
Amortization	3	-	1	4	10	10
	606	187	59	852	838	1,048
Excess (deficiency) of revenue over direct expenses 2000/2001	$ -	$ (17)	$ 65	$ 48	$ 48	$ 78
Excess (deficiency) of revenue over expenses 1999/2000	$ -	$ (8)	$ 86	$ 78		

Note 14 Investment and Other Income

	2001		2000
	Budget	Actual	Actual
Investment income	$ 846	$ 1,115	$ 841
Other income	763	819	696
	$ 1,609	$ 1,934	$ 1,537

Investment income comprises interest, dividends, amortization of discount and premiums, and net gains on disposal of investments.

Other income comprised charges for laundry services to long term care clients, home care fees, recoveries of supplies from outpatient services, and various miscellaneous services.

Note 15 Facility-Based Continuing Care Services

Facility-based continuing care services include expenses associated with the Healthy Aging Partnership Initiative (HAPI) of $298.

Note 16 Administration

	2001		2000
	Budget	Actual	Actual (as restated - Note 3)
General administration	$ 3,496	$ 3,202	$ 2,966
Finance	874	961	918
Personnel	894	1,060	954
Administration - contract operators	3,793	3,981	3,540
	$ 9,057	$ 9,204	$ 8,378

Note 17 Information Technology and alberta we//net

	2001		2000
	Budget	Actual	Actual (as restated - Note 3)
alberta we//net	$ 500	$ 160	$ 455
Information systems support	1,355	1,653	1,263
Information technology - contract operators	-	34	-
	$ 1,855	$ 1,847	$ 1,718

alberta we//net is the province-wide, strategic initiative to build a health information network. The initiative brings together a broad spectrum of health professionals into multi-disciplinary teams to put information technology to work to improve health service delivery to all Albertans. alberta we//net brings together doctors, nurses, regional health authorities, pharmacists, the Alberta Cancer Board, the Alberta Mental Health Board, universities and faculties of medicine, a national health information institute and Alberta Health and Wellness in the planning and implementation of the network.

The Authority's contribution has been applied towards planning and pre-development activities that will provide clinical and administrative deliverables beginning in 2000-2001, or to develop applications to support we//net initiatives. In accordance with Canadian generally accepted accounting principles, $341 (2000 - $58) has been capitalized and $160 (2000 - $455) has been expensed.

Note 18 Support Services

	2001		2000
	Budget	Actual	Actual (as restated - Note 3)
Building maintenance, operations and security	$ 8,514	$ 7,188	$ 7,154
Education	702	597	641
Housekeeping	2,166	2,252	2,167
Laundry and linen	1,059	1,135	1,077
Matericls management	1,117	1,017	1,014
Patient food services	4,055	4,090	3,917
Patient health records	1,174	1,147	964
Patient registration	697	695	638
Patient transportation	1,147	1,510	1,282
Support sevices - contract operators	12,633	12,275	11,880
	$ 33,264	$ 31,906	$ 30,734

Note 19 Changes in Non-Cash Working Capital Accounts

	2001	2000
Accounts receivable	$ (924)	$ (766)
Contributions receivable	241	(111)
Inventories	(15)	(1)
Accounts payable	1,103	(343)
Accrued vacation pay	348	292
Deferred contributions	(1,607)	(2,042)
	$ (854)	$ (2,971)

Note 20 Related Parties

(a) Province of Alberta

The Authority is established under the Regional Health Authorities Act. The Minister of Health and Wellness appoints the members of the Authority. Transactions between the Authority and the Province are disclosed in the statement of operations and notes 6, 7, 11 and 12 to the financial statements.

(b) Foundations

The following controlled foundations are not consolidated in these financial statements:

(i) Viking Health Foundation

The Viking Health Foundation was established under the authorization of the Minister of Health on June 27, 1997. Representation on its Board consists of 11 members appointed by the Authority. The Viking Health Foundation was created to solicit funds from the public in order to assist the Authority in achieving its health goals for the residents of the Viking community.

	2001	2000
Total assets	$ 1,693	$ 1,693
Total liabilities	(31)	(30)
Net assets	$ 1,662	$ 1,663
Revenues	$ 171	$ 173
Expenses	(150)	(149)
Excess of revenues over expenses	$ 21	$ 24

The resources of the Foundation amounting to $1,541 have been restricted by the donors for the exclusive use of the Viking community.

The Viking Health Foundation prepared financial statements using the restricted fund method.

Note 20 Related Parties (continued)

(b) Foundations (continued)

(ii) Stettler Health Services Foundation

The Stettler Health Services Foundation was established under the authorization of the Minister of Health on June 9, 1998. Representation on its Board consists of 11 members appointed by the Authority. The Stettler Health Services Foundation was created to solicit funds from the public in order to assist the Authority in achieving its health goals for the residents of the Stettler community.

	2001	2000
Total assets	$ 104	$ 104
Total liabilities	(32)	(32)
Net assets	$ 72	$ 72
Revenues	$ 24	$ 24
Expenses	(53)	(53)
Excess (deficiency) of revenues over expenses	$ (29)	$ (29)

The resources of the Foundation amounting to $36 have been restricted by the donors for the exclusive use of the Stettler community.

The Stettler Health Services Foundation prepared financial statements using the restricted fund method.

	Contributions Received by the Authority		Resources held by the Foundation	
	Year ended March 31,		At March 31, 2001	
	2001	2000	Externally Restricted	Unrestricted
Viking Health Foundation	$ 25	$ 27	$ 4	$ 1,541
Stettler Health Services Foundation	51	51	35	36
	$ 76	$ 78	$ 39	$ 1,577

Note 20 Related Parties (continued)

(c) Other Foundations

The Authority has economic interest in the following foundations:

	Contributions Received by the Authority		Resources held by the Foundation	
	Year ended March 31,		At March 31, 2001	
	2001	2000	Externally Restricted	Unrestricted
Daysland General Hospital Foundation	$ 6	$ 12	$ -	$ 156
Wainwright & District Community Health Foundation	49	61	49	438
Coronation & District Health Care Complex Foundation	17	17	-	29
Consort Hospital Foundation	16	51	-	32
	$ 88	$ 141	$ 49	$ 655

Contributions include externally restricted amounts for equipment, programs, research, and education for the specific communities supported by the foundations.

The Board of the Authority is permitted to appoint one representative to the Board of directors of each foundation. These foundations were established to solicit funds from the public in order to assist the Authority in achieving its health goals for the residents of each community.

No administrative support was provided to the foundations referred to in (b) and (c) above. Amounts due from the foundations at year-end are as follows:

	2001	2000
Viking Health Foundation	$ 28	$ 28
Stettler Health Services Foundation	32	32
	$ 60	$ 60

Note 20 Related Parties (continued)

(d) Voluntary and Private Health Service Operators

The Authority contracts with voluntary and private health service operators to provide health services in the Region. The health service operators and the amount of the contracted health services for the year are as follows:

	2001				2000
	Direct Authority Funding	Approved Patient Fees and Charges	Full Cost Adjust-ments	Total	Total
Economic interest:					
St Mary's Hospital, Camrose	$ 14,092	$ 267	$ 1,479	$ 15,838	$ 14,505
The Bethany Group, Camrose	13,500	2,770	-	16,270	15,795
Lloydminster Health District	9,020	1,300	310	10,630	10,623
Sisters of St. Joseph (Killam)	2,660	492	95	3,247	3,159
Our Lady of the Rosary, Castor	2,102	200	233	2,535	2,481
Other providers:					
Laboratory Contracts	1,939	-	-	1,939	1,939
Extendicare (Canada) Inc.	1,680	597	163	2,440	2,228
Lloydminster Public School District	25	-	-	25	24
Lloydminster Catholic School Division	7	-	-	7	7
Lloydminster Early Intervention Program	73	-	-	73	69
Wainwright Association for Community Living	32	-	-	32	32
City of Lloydminster	5	-	-	5	5
	$ 45,135	$ 5,626	$ 2,280	$ 53,041	$ 50,867
Reported in the following expense categories:					
Facility based inpatient acute care services				$ 11,744	$ 10,834
Facility based emergency and outpatient services				1,802	1,202
Facility based continuing care services				13,721	13,412
Community and home based services				1,079	1,636
Diagnostic and therapeutic services				8,390	8,316
Promotion, prevention and protection services				5	5
Administration				3,981	3,540
Information technology and we/net				34	-
Support services				12,285	11,922
				$ 53,041	$ 50,867

The Authority has an economic interest in the organizations listed above as they perform significant functions on behalf of the Authority that are integral to the Authority achieving its health goals and objectives.

Note 21 Pension Costs

The Authority participates in the Local Authorities Pension Plan which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equivalent to the Authority's annual contributions payable of $ 1,856 for the year ended March 31, 2001 (2000 - $1,689).

At December 31, 2000, the Local Authorities Pension Plan reported a surplus of $888,823 (1999 - $880,358).

Note 22 Subsequent Events

Subsequent to the year-end, the authority boundaries were realigned by the Minister of Health and Wellness pursuant to Minister's Order #49/2001. This results in a decrease in the geographic size of the region and a transfer of operations to Lakeland Regional Health Authority. The transfer of any respective assets and liabilities is effective April 20, 2001. As at June 12, 2001 no formal settlement has been agreed upon by the respective parties. The estimated effect for the 2001/2002 fiscal year cannot be determined at this time.

Note 23 Trust Funds

The Authority receives funds in trust from Alberta Health and Wellness and Alberta Infrastructure for non-owned facilities for capital purposes and facility repairs. In addition, the Authority is providing fiscal management of funds received in trust from Alberta Health and Wellness for the Continuing Care Information and Accountability project. These amounts are not included in the operations, assets or liabilities reported in these financial statements.

During the year the Authority received $3,890 (2000 - $828) and disbursed $372 (2000 - $327) for the above noted items. The balance of funds held by the Authority is $4,063 (2000 - $545).

Note 24 Commitments

The Authority received approval for a major capital project from Alberta Health and Wellness and Alberta Infrastructure for the construction of 130 long-term care beds to replace 188 existing long-term care beds currently owned and operated by The Bethany Group in Camrose. These long-term care beds will be built and owned by the Authority. The Authority and The Bethany Group are currently negotiating an operating agreement for the provision of continuing care services.

The Authority contracts on an ongoing basis with voluntary and private health service operators to provide health services (Note 20 (d)). The Authority has contracted for services in the year ending March 31, 2002 similar to those provided by these operators in 2001.

Note 25 Comparative Figures

Certain 2000 figures have been reclassified to conform to the 2001 presentation.

Note 26 Approval of Financial Statements

These financial statements have been approved by the Authority.

Schedule 1

EAST CENTRAL REGIONAL HEALTH AUTHORITY 7

SCHEDULE OF EXPENSES BY OBJECT

FOR THE YEAR ENDED MARCH 31, 2001

(thousands of dollars)

	2001		2000
	Budget	Actual	Actual (as restated - Note 3)
Salaries, benefits, allowances and severance (Schedule 2)	$ 59,850	$ 59,340	$ 54,282
Contracts with health service operators (Note 20 (d))	50,076	53,041	50,867
Drugs, gases, medical and surgical supplies	2,055	2,552	2,276
Consulting services	1,110	1,207	1,537
Other	22,010	17,614	18,112
Amortization			
Equipment	1,251	1,130	1,098
Facilities and improvements	3,275	3,154	3,174
	139,627	138,038	131,346
Less amounts reported in ancillary operations (Note 13)	(838)	(852)	(1,048)
	$138,789	$137,186	$130,298

Schedule 2

EAST CENTRAL REGIONAL HEALTH AUTHORITY 7
SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE
FOR THE YEAR ENDED MARCH 31, 2001

(thousands of dollars)

	2001							2000			
					Severance						
	Number of Individuals	Salaries and Honoraria [2]	Benefits and Allowances [3]	Sub-total	Number of Individuals	Amount	Total	Number of Individuals	Salaries, Benefits & Allowances (2+3)	Severance [4]	Total
Authority/Board Compensation											
Chair - E. Andersen	1	21	-	21	-	-	21	1	16	-	16
M. Arnold	1	10	-	10	-	-	10	1	8	-	8
G. Bergman	1	8	-	8	-	-	8	1	10	-	10
R. Crocker	1	9	-	9	-	-	9	1	8	-	8
N. Donns	1	7	-	7	-	-	7	1	8	-	8
R. Dueck	1	6	-	6	-	-	6	1	4	-	4
K. Griffiths	1	7	-	7	-	-	7	1	7	-	7
J. Harris	1	13	-	13	-	-	13	1	12	-	12
L. Heinemann	1	8	-	8	-	-	8	1	8	-	8
J. Hunter	1	6	-	6	-	-	6	1	6	-	6
R. Israelson	1	11	-	11	-	-	11	1	10	-	10
L. Jensen (April 1999 - September 1999)	1	-	-	-	-	-	-	1	1	-	1
L. Johnson	1	9	-	9	-	-	9	1	8	-	8
B. Sawyer	1	10	-	10	-	-	10	1	11	-	11
M. Schreiber	1	12	-	12	-	-	12	1	8	-	8
Subtotal - Board Members	15	137	-	137	-	-	137	15	125	-	125

Schedule 2 (continued)

EAST CENTRAL REGIONAL HEALTH AUTHORITY 7
SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE
FOR THE YEAR ENDED MARCH 31, 2001

(thousands of dollars)

	2001							2000 (as restated - Note 3)			
					Severance						
	Number of FTE's [1]	Salaries and Honoraria [2]	Benefits and Allowances [3]	Sub-total	Number of Individuals	Amount	Total	Number of FTE's [1]	Salaries, Benefits & Allowances (2+3)	Severance [4]	Total
Staff											
Chief Executive Officer	1.0	153	25	178			178	1.0	153		153
Management persons reporting to the CEO											
Vice President Health Services	1.6	109	14	123	-		123	1.0	121		121
Vice President Corporate Services	-	-	-					0.4	49		49
Vice President Medical Services	0.5	91	10	101	-	-	101	0.5	90	-	90
Regional Manager Communications	1.0	84	-	84	-	-	84	0.8	62		62
Regional Director of Corporate Services	1.0	100	14	114	-	-	114	1.1	100		100
Regional Director Human Resources	0.8	73	9	82	-	-	82	1.0	98		98
Chief Financial Officer	1.0	104	14	118	-	-	118	1.0	100	-	100
Other management persons reporting to those above											
(avg. 2001 $83, avg. 2000 $81 excluding severance)	17.7	1,287	179	1,466	1	20	1,486	16.4	1,329		1,329
Other management											
(avg. 2001 $77, avg. 2000 $72 excluding severance)	53.8	3,636	506	4,142			4,142	51.5	3,762	-	3,762
Regulated nurses not included above											
(avg. 2001 $53, avg. 2000 $50 excluding severance)	404.1	18,630	2,778	21,408			21,408	403.3	20,021		20,021
Other health technical and professionals											
(avg. 2001 $56, avg. 2000 $47 excluding severance)	161.2	7,933	1,118	9,051			9,051	169.8	7,920	1	7,921
Unregulated health service providers											
(avg. 2001 $29, avg. 2000 $28 excluding severance)	305.2	7,783	1,037	8,820			8,820	271.7	7,567		7,567
Other staff											
(avg. 2001 $34, avg. 2000 $32 excluding severance)	401.4	11,578	1,909	13,487	1	9	13,496	400.5	12,819		12,819
Subtotal - Staff	1,369.7	51,561	7,613	59,174	2	29	59,203	1,320.0	54,156	1	54,157
Total		$ 51,698	$ 7,613	$ 59,311		$ 29	$ 59,340		$ 54,281	$ 1	$ 54,282

EAST CENTRAL REGIONAL HEALTH AUTHORITY 7

SCHEDULE OF SALARIES, HONORARIA BENEFITS, ALLOWANCES AND SEVERANCE

FOR THE YEAR ENDED MARCH 31, 2001

(1) Full time equivalent (FTE) has been determined as follows:

- (a) For those employees governed by the AUPE Community Health Services collective agreement a FTE is defined as 1,827 hours per annum.
- (b) For those employees governed by the UNA collective agreement, a FTE is defined as 1,922 hours per annum.
- (c) For all other employees a FTE is defined as 2,023 hours per annum.

Total actual discrete number of individuals employed: 1,924 (2000 - 1,898).

(2) Salaries include regular base pay, overtime, lump sum payments, honoraria and any other direct cash remuneration including sick leave, short-term disability and vacation.

(3) Benefits and allowances included the employers share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, out of country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, employment insurance, workers compensation, car benefits and allowances and tuition.

(4) Severance includes:

All monies paid directly or on behalf of an employee upon termination which are not included in salaries and benefits; and forgiveness of debt; future payments in the amount of $nil on existing contracts between the Authority and the employees for services that no longer will be provided by the employees; continued payment for Authority share of benefits identified in 3 above, that will continue to be paid and outplacement training and counseling, office space and administrative support.

(5) The total amount is reported in Schedule 1.

Schedule 3

EAST CENTRAL REGIONAL HEALTH AUTHORITY 7

THREE YEAR SUMMARY OF REVENUE AND EXPENSES

FOR THE PERIOD COMMENCING APRIL 1, 1998

(thousands of dollars)

	2001	2000 (as restated - Note 3)	1999
Revenues			
Alberta Health contributions	$ 118,364	$ 110,958	$ 100,644
Other government contributions	4,230	4,883	3,911
Fees and charges	11,271	11,220	11,195
Ancillary operations, net	48	78	49
Donations	283	310	164
Investment and other income	1,934	1,537	1,226
Amortization of external capital contributions, health operations	3,883	3,826	4,040
	140,013	132,812	121,229
Expenses			
Facility based inpatient acute care services	25,232	22,823	21,718
Facility based emergency and outpatient services	3,142	3,336	3,158
Facility based continuing care services	26,542	24,865	23,950
Community and home based services	13,464	12,945	11,108
Diagnostic and therapeutic services	18,810	18,115	17,321
Promotion, prevention and protection services	3,783	2,803	2,685
Research and education	54	65	58
Administration	9,204	8,378	7,908
Information technology and we//net	1,847	1,718	1,097
Year 2000 remedial costs	48	1,364	961
Support services	31,906	30,734	28,392
Amortization of facilities and improvements	3,154	3,152	3,275
	137,186	130,298	121,631
Excess (deficiency) of revenues over expenses	$ 2,827	$ 2,514	$ (402)

A pro-forma summary of revenues and expenses is not presented as there have been no transfers of programs or boundary changes for which pro-forma adjustments are necessary.

The 1999 fiscal year results have not been restated as there was no change in the pension obligation for that year.

WestView Regional Health Authority

Financial Statements

March 31, 2001

WESTVIEW REGIONAL HEALTH AUTHORITY

FINANCIAL STATEMENTS

MARCH 31, 2001

Auditor's Report

Management's Responsibility for Financial Reporting

Statement of Financial Position

Statement of Operations

Statement of Changes in Net Assets

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 - Schedule of Expenses by Object

Schedule 2 - Schedule of Salaries, Honoraria, Benefits, Allowances and Severance

Schedule 3 – Three Year Summary of Revenues and Expenses

AUDITOR GENERAL
Alberta

AUDITOR'S REPORT

To the Members of the WestView Regional Health Authority
And the Minister of Health and Wellness

I have audited the statement of financial position of the WestView Regional Health Authority ("the Authority") as at March 31, 2001 and statements of operations, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2001 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Peter Valentine FCA
Auditor General

Edmonton, Alberta
June 8, 2001

WESTVIEW REGIONAL HEALTH AUTHORITY

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

FINANCIAL STATEMENTS

MARCH 31, 2001

The accompanying financial statements are the responsibility of management and have been approved by the Authority. The financial statements were prepared in conformity with Canadian generally accepted accounting principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgments.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority has established a code of ethics and corporate directives, which require communication of the code to employees.

The Board meets with management, and the Auditor General to discuss and review financial matters, and approves the statements. The Auditor General has full and free access to the Board.

The Auditor General provides an independent audit of the financial statements. His examination is conducted in accordance with Canadian generally accepted auditing standards and includes tests and other procedures, which allow him to report on the fairness of the financial statements prepared by management.

Larry Smook

Larry Smook
Chief Executive Officer
June 27, 2001

Pat Eagar CMA MBA
Director of Corporate Services

WESTVIEW REGIONAL HEALTH AUTHORITY
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2001
(thousands of dollars)

	2001	2000 (As restated - Note 3)
ASSETS		
Current:		
Cash and temporary investments (Note 4)	$ 6,322	$ 8,206
Accounts receivable	1,270	601
Contributions receivable (Note 5)	1,165	1,423
Inventories	646	585
Prepaid expenses	671	670
	10,074	11,485
Non-current cash and investments (Note 4)	1,599	446
Capital assets (Note 6)	49,553	39,136
TOTAL ASSETS	$ 61,226	$ 51,067
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable	$ 4,422	$ 4,889
Accrued vacation pay	1,939	1,707
Deferred contributions (Note 8)	1,791	1,672
Current portion of long-term debt (Note 10)	-	17
	8,152	8,285
Deferred capital contributions (Note 9)	1,599	446
Long-term debt (Note 10)	-	11
Unamortized external capital contributions (Note 11)	44,493	35,106
	46,092	35,563
Net assets:		
Unrestricted (Note 12)	1,922	3,217
Investment in capital assets	5,060	4,002
Operating net assets	6,982	7,219
TOTAL LIABILITIES AND NET ASSETS	$ 61,226	$ 51,067

The accompanying notes and schedules are part of these financial statements.

WESTVIEW REGIONAL HEALTH AUTHORITY
STATEMENT OF OPERATIONS
MARCH 31, 2001
(thousands of dollars)

	2001		2000
	Budget	Actual	Actual
	(Note 14)		(As restated - Note 3)
Revenues			
Alberta Health and Wellness contributions (Note 15)	$ 46,445	$ 46,496	$ 50,098
Other government contributions (Note 16)	1,654	2,030	1,032
Fees and charges	4,251	4,545	3,993
Ancillary operations, net (Note 17)	(134)	(202)	(155)
Donations	90	91	118
Investment and other income (Note 18)	678	681	471
Amortization of external capital contributions (Note 11)	1,270	2,129	1,196
TOTAL REVENUE	54,254	55,770	56,753
Expenses (Schedule 1)			
Facility based inpatient services	7,052	7,280	6,093
Facility based emergency and outpatient services	3,868	3,772	3,450
Facility based continuing care services	4,357	4,468	3,691
Community and home based services	6,254	6,224	5,408
Diagnostic and therapeutic services	9,168	9,395	8,297
Promotion, prevention and protection services	4,582	4,518	4,098
Administration (Note 19)	3,588	3,519	3,256
Information technology and we/net (Note 20)	816	1,154	875
Year 2000 remedial costs	70	-	394
Support services (Note 21)	13,644	14,296	12,176
Amortization of facilities and improvements	855	1,521	855
TOTAL EXPENSES	54,254	56,147	48,593
Excess (deficiency) of revenues over expenses	$ -	$ (377)	$ 8,160

The accompanying notes and schedules are part of these financial statements.

WESTVIEW REGIONAL HEALTH AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
MARCH 31, 2001
(thousands of dollars)

	2001			2000
				(As restated - Note 3)
	Unrestricted (Note 12)	Investment in Capital Assets	Total	Total
Excess (deficiency) of revenues over expenses	$ (377)	$ -	$ (377)	$ 8,160
Capital assets purchased with internal funds	(1,606)	1,606	-	-
Amortization on internally funded capital assets	716	(716)	-	-
Repayment of long-term debt used to fund capital assets	(28)	28	-	-
Net change to unrestricted net assets	(1,295)			
Donation of land (Note 25)		140	140	-
Balance at beginning of year as restated (Note 3)	3,217	4,002	7,219	(941)
Balance at end of year	$ 1,922	$ 5,060	$ 6,982	$ 7,219

WESTVIEW REGIONAL HEALTH AUTHORITY
STATEMENT OF CASH FLOWS
MARCH 31, 2001
(thousands of dollars)

	2001		2000
	Budget	Actual	Actual (As restated - Note 3)
Cash generated from (used by):			
Operating activities			
Excess (deficiency) of revenues over expenses	$ -	$ (377)	$ 8,160
Non-cash transactions:			
Amortization of capital equipment - internally funded	495	716	569
Amortization of capital equipment - externally funded	378	589	321
Amortization of facilities and improvements	892	1,451	875
Amortization of external capital contributions	(1,270)	(2,129)	(1,196)
Loss on disposal of facilities and improvements	-	89	-
Gain on disposal of capital equipment	-	(3)	(12)
	495	336	8,717
Change in non-cash working capital account (Note 22)	(521)	(589)	(1,828)
Cash generated from (used by) operating activities	(26)	(253)	6,889
Investing activities:			
Purchase of capital assets:			
internally funded	(1,751)	(1,606)	(389)
externally funded (Note 11)			
capital equipment	(2,900)	(2,551)	(723)
facilities and improvements	(7,222)	(8,965)	(12,624)
Proceeds on disposal of capital equipment	-	3	12
Allocations from (to) non-current cash	-	(1,153)	1,850
Cash used by investing activities	(11,873)	(14,272)	(11,874)
Financing activities:			
Capital contributions received (Note 9)	10,122	12,587	11,645
Capital contributions reallocated from (to) operating activities	-	82	(148)
Principal payments on long-term debt	(28)	(28)	(207)
Cash generated by financing activities	10,094	12,641	11,290
Increase (decrease) in cash and temporary investments	(1,805)	(1,884)	6,305
Cash and temporary investments, beginning of year	7,657	8,206	1,901
Cash and temporary investments, end of year	$ 5,852	$ 6,322	$ 8,206

The accompanying notes and schedules are part of these financial statements.

WESTVIEW REGIONAL HEALTH AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2001
(thousand of dollars)

Note 1 Authority, Purpose and Operations

The Health Authority (the "Authority") was established on June 24, 1994 under the authority of the Regional Health Authority Act, Chapter R-9.07, Statutes of Alberta 1994. The Authority is exempt from the payment of income tax and is a registered charity under the Income Tax Act.

The Authority is responsible for the delivery of appropriate, accessible and affordable health services in Alberta. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well-being.

As at March 31, 2001, the operations of the Authority include the following facilities and sites:

Devon General Hospital
Westview Health Center - Stony Plain
Edson and District Healthcare Centre
Hinton General Hospital
Seton General Hospital
Jasper Health Unit
Hinton Health Unit
Evansburg Health Unit
Spruce Grove Health Unit
Edson Health Unit

These financial statements do not include the assets, liabilities and operations of any voluntary or private facilities providing health services in the region. Information on these facilities is disclosed in Note 24.

Note 2 Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and the reporting requirements of Financial Directive 18 issued by Alberta Health and Wellness. The following are the significant accounting policies:

(a) These financial statements have been prepared using the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year becoming receivable.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year when related expenses are incurred.

(iii) Externally restricted capital contributions are recorded as deferred contributions until the amount is invested in capital assets. Amounts invested representing externally funded capital assets are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

(iv) Restricted contributions to purchase capital assets which will not be amortized are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year it is earned.

(vi) Investment income subject to external restrictions is, depending on the nature of the restrictions, recorded as a direct increase to net assets, or is deferred and recognized as revenue in the year the related expenses are incurred.

(vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(b) Full cost

The Authority accounts for all costs and revenues related to services carried out for which it is responsible. The fair value of costs of services is recorded. The fair value transactions recorded consist of the following:

(i) Revenues earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as fees and charges of the Authority. An equivalent amount is recorded as contracted health service operator expense of the Authority.

(ii) Other assets, supplies and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers contribute a significant amount of time each year to assist the Authority in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenues and expenses in these financial statements because fair value cannot be reasonably determined.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(c) Employee Future Benefits

The Authority and its eligible employees participate in the Local Authorities Pension Plan and the Public Service Pension Plan. These are multi-employer defined benefit pension plans that provide pensions for the Authority's participating employees, based on years of service and earnings.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Authority has insufficient information to apply defined benefit plan accounting

Pension costs included in these financial statements comprise the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plans. The Authority's portion of the pension plans' deficit or surplus is not recorded by the Authority.

The Authority fully accrues its obligations for employee non-pension future benefits.

(d) Investments

Temporary investments are recorded at the lower of cost and market.

(e) Financial Instruments

The carrying value of accounts receivable, contributions receivable, accounts payable and accrued liabilities approximates their fair value because of the short-term maturity of these items.

(f) Inventories

Inventories are valued at the lower of cost or net realizable value.

(g) Capital Assets

Capital assets and construction projects in progress are recorded at cost. Capital assets costing less than $5,000 are expensed.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(g) Capital Assets (continued)

Capital assets are amortized over their estimated useful lives on a straight line basis as follows:

	Useful Life
Buildings and improvements	40 years
Land improvements	20 years
Building service equipment	20 years
Vehicles and equipment	5-20 years

Construction projects in progress are not amortized until the project is complete.

Note 3 Change in Accounting Policy

Pension obligations

The Authority has changed its method of accounting for its participation in multi-employer defined benefit pension plans. The Authority now records pension expense equivalent to its annual contributions payable during the year. The Authority's portion of the pension plans' deficit or surplus is not recorded by the Authority. This change in accounting policy has been applied retroactively with restatement of comparative amounts. As a result of the change in accounting policy, the Authority's financial statements for the year ended March 31, 2000 have been restated as follows:

	2000 (thousands of dollars)		
	As previously stated	Adjustment	As restated
Net assets at beginning of year	$ (1,090)	$ 149	$ (941)
Net assets at end of year	$ 7,147	$ 72	$ 7,219
Pension liability	$ 72	$ (72)	$ -
Excess of revenues over expenses	$ 8,237	$ (77)	$ 8,160

Note 4 Cash, Non-current Cash and Investments

	2001	2000
	(thousands of dollars)	
Cash	$ 7,921	$ 8,502
Guaranteed investment certificates	-	150
	$ 7,921	$ 8,652
Allocated as follows:		
Cash and temporary investments	$ 6,322	$ 8,206
Non-current cash and investments	1,599	446
	$ 7,921	$ 8,652

Non-current cash and investments represent funds externally restricted for capital acquisitions.

Note 5 Contributions Receivable

	2001	2000
	(thousands of dollars)	
Due from Alberta Health and Wellness		
Aboriginal health	$ -	$ 37
Year 2000 secretariat fees	(41)	(25)
Inter-hospital ambulance	-	140
Broda's report- long term care	-	16
Meningitis vaccination costs	-	5
Import/export funding	500	1,250
Archival blood record review	40	-
Federal funded equipment	592	-
Reimbursement for software licences	4	-
Telehealth	70	-
	$ 1,165	$ 1,423

Note 6 Capital Assets

	2001			2000
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	(thousands of dollars)			
Land	$ 1,503	$ -	$ 1,503	$ 1,363
Land improvements	838	704	134	89
Buildings and improvements	55,305	14,260	41,045	18,442
Building service equipment	1,139	617	522	579
Vehicles and equipment	17,712	11,548	6,164	3,235
Construction in progress	185	-	185	15,428
	$ 76,682	$ 27,129	$ 49,553	$ 39,136

Capital assets have been funded from the following sources:

	2001	2000
	(thousands of dollars)	
Externally funded (unamortized external capital contributions)	$ 44,493	$ 35,106
Internally funded (invested in capital assets)	5,060	4,002
Long-term debt	-	28
	$ 49,553	$ 39,136

Note 7 Operating Line of Credit

The Authority has an operating line of credit to a maximum of $3 million. A general security agreement covering accounts receivable and specific equipment has been pledged as security for the operating line of credit. Interest is charged at bank prime. At year end the operating line of credit has not been drawn upon (2000 – $nil).

Note 8 Deferred Contributions

	2001	2000
	(thousands of dollars)	
Amounts received from (refunded to):		
Alberta Health and Wellness		
Year 2000 planning	$ -	$ (41)
Healthy Aging Partnership Initiatives	-	549
Health Innovation Fund Projects	249	-
Other	44	-
Other government	1,958	1,236
Donors	176	(31)
Investment and others	-	1
	2,427	1,714
Amounts recognized as revenue:		
Alberta Health and Wellness		
Year 2000 planning	-	(394)
Health Innovation Fund Projects	(172)	-
Other government	(1,961)	(963)
Donors	(91)	(118)
Investment and others	(2)	-
	(2,226)	(1,475)
Amounts transferred (to) from deferred capital contributions (Note 9)		
Year 2000 planning	-	195
Donations	(82)	(47)
	(82)	148
Change during the year	119	387
Balance, beginning of year	1,672	1,285
Balance, end of year	$ 1,791	$ 1,672

Unspent amounts at end of year are restricted for the following purposes:

	2001	2000
Alberta Health and Wellness		
Healthy Aging Partnership Initiatives	$ 549	$ 549
Health Innovation Fund Projects	77	-
Other	44	-
Other Government Programs		
Alberta Infrastructure	807	712
Healthy Families Project	32	118
Other	6	18
Donations	260	257
Patient fees and charges received in advance	16	18
	$ 1,791	$ 1,672

Note 9 Deferred Capital Contributions

Deferred capital contributions balance represents amounts accounted for in accordance with accounting policy described in Note 2(a).

	2001	2000
	(thousands of dollars)	
Amounts received:		
Alberta Health and Wellness		
Year 2000 equipment replacement	$ -	$ (3)
High priority medical equipment	-	120
Federal funded equipment	592	-
Telehealth Equipment	530	-
Restricted other government contributions	10,180	11,528
Donation restricted for capital purposes (Note 25)	1,285	-
	12,587	11,645
Transferred from (to):		
Unamortized external capital contributions (Note 11)		
Year 2000 equipment replacement	-	(616)
Other	(11,516)	(12,731)
Deferred contributions (Note 8)		
Year 2000 equipment planning	-	(195)
Donations	82	47
	(11,434)	(13,495)
Change during the year	1,153	(1,850)
Balance, beginning of year	446	2,296
Balance, end of year	$ 1,599	$ 446

Balance at end of year is restricted for the following puposes:

	2001	2000
Equipment - lottery funding	$ 9	$ 9
High priority medical equipment	35	120
Federal equipment funding	592	-
Telehealth equipment funding	316	-
Capital upgrading projects - Alberta Infrastucture	206	159
WestView Health Centre, Stony Plain - construction	441	158
	$ 1,599	$ 446

Note 10 Long-term Debt

	2001	2000
	(thousands of dollars)	
Equipment purchase contract	$ -	$ 21
Capital lease	-	7
	-	28
Less current portion	-	17
Long-term portion	$ -	$ 11

Note 11 Unamortized External Capital Contributions

Unamortized external capital contributions reflect transactions accounted for in accordance with the accounting policy described in Note 2(a). The balance at end of year represents the external capital contribution that will be recognized as revenue in future years.

	2001	2000
	(thousands of dollars)	
Balance at beginning of year	$ 35,106	$ 22,955
Add amounts transferred from deferred capital contributions (Note 9)	11,516	13,347
Less amounts recognized as revenue	(2,129)	(1,196)
	$ 44,493	$ 35,106

Note 12 Unrestricted and internally restricted net assets

Balance of the unrestricted and internally restricted net assets can be analysed as follows:

	2001	2000
	(thousands of dollars)	(As restated - Note 3)
Unrestricted and internally restricted net assets at regionalization - April 1, 1995	$ (2,261)	$ (2,261)
Changes since regionalization:		
Cumulative operating surplus	5,071	5,448
Invested in capital assets (net of amortization)	(888)	30
Balance	$ 1,922	$ 3,217
Unrestricted	$ 1,922	$ 3,217
Internally restricted	-	-
	$ 1,922	$ 3,217

Note 13 Commitments

The Authority is committed to the following future annual payments:

	Capital Construction Contracts [1]	Operating Leases	Contracted Services
	(thousands of dollars)		
2002	$ 1,360	$ 77	$ 6,839
2003	-	23	6,152
2004	-	6	4,063
2005	-	6	4,063
2006	-	-	4,063

[1] The capital construction contracts amount is funded by Alberta Infrastructure.

Note 14 Budget (thousands of dollars)

	Approved Budget[1]	Additional Funding[2]	Adjustments[3]	Reported Budget
Revenue:				
Alberta Health and Wellness contributions	$ 45,940	$ 430	75	$ 46,445
Other government contributions	1,168	-	486	1,654
Fees and charges	4,174	-	77	4,251
Net ancillary operations	(188)	-	54	(134)
Donations	90	-	-	90
Investment and other revenue	498	-	180	678
Amortization of deferred capital contributions	1,270	-	-	1,270
	52,952	430	872	54,254
Expenses:				
Facility based inpatient services	7,149	-	(97)	7,052
Facility based emergency and outpatient services	3,747	-	121	3,868
Facility based continuing care services	4,422	-	(65)	4,357
Community and home based services	5,942	-	312	6,254
Diagnostic and therapeutic services	9,325	-	(157)	9,168
Promotion, prevention and protection services	4,703	-	(121)	4,582
Administration	3,551	-	37	3,588
Information technology and wellnet	688	-	128	816
Year 2000 remedial costs	-	-	70	70
Support services	12,533	-	1,111	13,644
Amortization of facilities and improvements	892	-	(37)	855
	52,952	-	1,302	54,254
Excess of revenues over expenses	$ -	$ 430	$ (430)	$ -

[1] The budget was approved by the WestView Regional Health Authority Board on April 26, 2000 and approved by the Minister of Health and Wellness.

[2] In June 2000, the Minister of Health and Wellness provided additional funding.

[3] Adjustments arising from Board reallocations are related to the classification of expenditures associated with the new Westview Health Center – Stony Plain and with interdepartmental transfers and program alignments. The additional funding provided was also allocated to expenditures within these adjustments.

Note 15 Alberta Health and Wellness Contributions

	Budget	2001	2000
	(thousands of dollars)		
Medical equipment funding	$ 1,256	$ 1,256	$ -
Telehealth initiative	70	70	-
Transfers from deferred contributions (Note 8)	250	172	-
Import/export funding	500	500	1,250
Other unrestricted contributions	44,369	44,498	39,860
Year 2000 planning (Note 8)	-	-	394
Deficit elimination & per capita one time funding	-	-	8,594
	$ 46,445	$ 46,496	$ 50,098

Note 16 Other Government Contributions

	Budget	2001	2000
	(thousands of dollars)		
Alberta Infrastructure	$ 1,000	$ 1,343	$ 441
Alberta Mental Health Board	281	283	209
Government of Canada	74	87	253
Alberta Cancer Board	20	26	21
Other provincial funding	210	222	39
	1,585	1,961	963
Fair value of rent less rent charges for non-acute care facilities used by the Authority	69	69	69
	$ 1,654	$ 2,030	$ 1,032

Note 17 Ancillary Operations

	2001					2000
	Non-Patient Food Services Operations	Rentals	Other	Total	Budget	Total
Revenues						
Revenues	$ 289	$ 132	$ 44	$ 465	$ 408	$ 465
Expenses						
Amortization	-	19	-	19	37	20
Other expenses	524	78	46	648	505	600
	524	97	46	667	542	620
Excess (deficiency) of revenues over direct expenses 2000-01	$ (235)	$ 35	$ (2)	$ (202)	$ (134)	$ (155)
Excess (deficiency) of revenues over direct expenses 1999-2000	$ (191)	$ 27	$ 9			$ (155)

Note 18 Investment and Other Income

	Budget	2001	2000
	(thousands of dollars)		
Unrestricted investment income	$ 350	$ 419	$ 219
Other income	328	262	252
	$ 678	$ 681	$ 471

Investment income is comprised of interest. Other income is comprised of cost recoveries.

Note 19 Administration

	Budget	2001	2000
	(thousands of dollars)		(As restated - Note 3)
General administration	$ 1,778	$ 1,808	$ 1,492
Finance	692	632	763
Human resources	648	609	528
Administration - contract operators	470	470	473
	$ 3,588	$ 3,519	$ 3,256

Note 20 Information technology and we//net

	Budget	2001	2000
	(thousands of dollars)		
Alberta we//net	$ 197	$ 198	$ 192
Information systems support	619	956	683
	$ 816	$ 1,154	$ 875

Alberta we//net is the province-wide, strategic initiative to build a health information network. The initiative brings together a broad spectrum of health professionals into multi-disciplinary teams to put information technology to work to improve health service delivery to all Albertans. Alberta we//net brings together doctors, nurses, regional health authorities, pharmacists, the Alberta Cancer Board, the Alberta Mental Health Board, universities and faculties of medicine, a national health information institute and Alberta Health and Wellness in the planning and implementation of the network.

The Authority's contribution has been applied towards planning and pre-development activities that will produce clinical and administrative deliverables beginning in 2000-01 or to develop applications to support we//net initiatives. In accordance with Canadian generally accepted accounting principals, $198 has been expensed.

Note 21 Support Services

	Budget	2001	2000
	(thousands of dollars)		(As restated - Note 3)
Building maintenance, operations and security	$ 3,256	$ 3,800	$ 2,741
Communications	710	692	644
Education	377	358	333
Housekeeping	1,244	1,270	1,053
Laundry and linen	533	495	435
Materials management	1,077	1,095	986
Patient food services	1,476	1,493	1,312
Patient health records	1,012	967	848
Patient registration	499	466	415
Patient transportation	968	1,172	930
Volunteer services	207	203	186
Support service - contract operators	2,285	2,285	2,293
	$ 13,644	$ 14,296	$ 12,176

Note 22 Change in Non-Cash Working Capital

	2001	2000
	(thousands of dollars)	
Accounts receivable	$ (669)	$ (116)
Contributions receivable	258	30
Inventories	(61)	(119)
Prepaid expenses	(1)	(596)
Accounts payable	(467)	1,179
Accrued vacation pay	232	207
Due to Alberta Health	-	(2,800)
Deferred contributions	119	387
	$ (589)	$ (1,828)

Note 23 Pension Costs

The Authority participates in the Local Authorities Pension Plan which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equivalent to the Authority's annual contributions payable of $766 for the year ended March 31, 2001 (2000 - $631). The pension expense is included as part of the benefits cost in Schedule 1.

At December 31, 2000, the Local Authorities Pension Plan reported a surplus of $883,823 (1999 - $880,358).

Note 24 Related Parties

(a) Provincial Government

The Authority is established under the Regional Health Authorities Act. The Minister of Health and Wellness appoints the members of the Authority. Transactions between the Authority and the Province are disclosed in the statement of operations and notes 15 and 16 to the financial statements.

Note 24 Related Parties (continued)

(b) Foundations

The Authority has an economic interest in the following foundations with one representative on each of their Board of Directors. The foundations raise funds to benefit the Authority and other health related entities and are registered charities under the Income Tax Act. Information on the foundations is as follows:

	Contribution Received by Health Authority		Resources held by Foundation	
	Year ended March 31,		at March 31, 2001	
	2001	2000	Externally Restricted	Unrestricted
	(thousands of dollars)			
Devon General Hospital Foundation	$ 27	$ 16	$ -	$ 213
Stony Plain Hospital Foundation	56	6	37	166
Hinton Health Care Foundation	6	9	144	34
Jasper Health Care Foundation	1	-	-	180
	$ 90	$ 31	$ 181	$ 393

Externally restricted amounts are for equipment, programs, research and education for the specific hospitals and continuing care facilities supported by the individual foundation.

The value of administrative support provided to foundations, and the accounts receivable from the foundations at year end are as follows:

	Administrative Support		Accounts Receivable	
	Year ended March 31,		At March 31, 2001	
	2001	2000	Externally Restricted	Unrestricted
	(thousands of dollars)			
Devon General Hospital Foundation	$ 1	$ 1	$ -	$ -
Stony Plain Hospital Foundation	1	1	-	-
Hinton Health Care Foundation	1	1	-	-
Jasper Health Care Foundation	1	-	-	-
	$ 4	$ 3	$ -	$ -

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Note 24 Related Parties (continued)

(c) Voluntary and Private Health Service Operators

The Authority contracts with voluntary and private health service operators to provide health services in the Region. The health service operators and the amount of the contracted health services for the year are as follows:

	2001			2000
	Direct Authority Funding	Approved Patient Fees and Charges	Total	Total
	(thousands of dollars)			
Economic interest				
Good Samaritan Society:				
Stony Plain Care Centre	$ 2,434	$ 824	$ 3,258	$ 3,084
George Hennig Place	699	338	1,037	1,007
Spruce Grove Place	689	338	1,027	1,013
Dynacare Kasper Medical Laboratories	2,035	-	2,035	1,896
Physical therapy services	673	-	673	669
Group homes	202	-	202	215
Home parenteral nutrition services	132	-	132	120
Audiology services	41	-	41	49
Other	-	-	-	12
	$ 6,905	$ 1,500	$ 8,405	$ 8,065
Reported in the following expense categories:				
Facility based continuing care services			$ 2,567	$ 2,052
Community and home based services			334	335
Diagnostic and therapeutic services			2,749	2,912
Administration			470	473
Support services			2,285	2,293
			$ 8,405	$ 8,065

Note 25 Donation of Land and Building

During the year a donation of land with a value of $140 and a building with a value of $1,285 was received.

Note 26 Comparative Figures

Certain 2000 figures have been reclassified to conform to the 2001 presentation.

Note 27 Approval of Financial Statements

These financial statements have been approved by the Authority.

Schedule 1

WESTVIEW REGIONAL HEALTH AUTHORITY

SCHEDULE OF EXPENSES BY OBJECT

FOR THE YEAR ENDED MARCH 31, 2001

(thousands of dollars)

	Budget	2001	2000
Salaries, benefits, allowances and severance (Schedule 2)	$ 31,601	$ 31,568	$ 27,067
Contracts with health service operators (Note 24 (c))	8,319	8,405	8,065
Drugs, gases, medical and surgical supplies	1,961	2,238	1,813
Consulting services	1,297	1,204	1,332
Interest on long-term debt	-	-	12
Other	9,867	10,554	9,159
Amortization:			
Capital equipment - internally funded	495	716	569
Capital equipment - externally funded	381	589	321
Facilities and improvements	875	1,540	875
	54,796	56,814	49,213
Less amounts reported in ancillary operations (Note 17)	542	667	620
	$ 54,254	$ 56,147	$ 48,993

Schedule 2 (continued)

WESTVIEW REGIONAL HEALTH AUTHORITY

SCHEDULE OF SALARIES, BENEFITS, ALLOWANCES AND SEVERANCES

FOR THE YEAR ENDED MARCH 31, 2001

(1) Full time equivalent (FTE) has been determined as follows:

- Management FTE calculation is based on 2022.75 annual hours.
- Regulated nurses FTE calculation is based on 1920.25 or 1827.00 annual hours dependent on the employment contract the employee is a part of.
- Other health technical and professional FTE calculation is based on 1827.00 or 2022.75 annual hours dependent on the employment contract the employee is a part of.
- Unregulated health service providers FTE calculation is based on 2022.75 annual hours.
- Other staff FTE calculation is based on 1827.00 or 2022.75 annual hours dependent on the employment contract the employee is a part of.

Total actual discrete number of individuals employed: 2001 - 1188 (2000 - 1027).

(2) Salaries includes regular base pay, overtime, lump sum payments, honoraria and any other direct cash remuneration including sick leave, short-term disability and vacation.

(3) Benefits and allowances included the employers share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, out of country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, unemployment insurance, workers compensation, car benefits and allowances and tuition.

(4) Severance includes:

All monies paid directly or on behalf of an employee upon termination which are not or have not been included in salaries and benefits; and forgiveness of debt.

(5) The total amount is reported in the following schedules:
(thousands of dollars)
Schedule 1 - Expenses by Object $31,568 (2000 - $27,067)

WESTVIEW REGIONAL HEALTH AUTHORITY
SCHEDULE OF SALARIES, HONORARIA, BENEFITS AND SEVERANCE
FOR THE YEAR ENDED MARCH 31, 2001
(thousands of dollars)

	2001							2000			
					Severance						
	Number of Individuals (1)	Salaries & Honoraria (2)	Benefits & Allowances (3)	Sub-Total	Number of Individuals (1)	Amount (4)	Total	Number of Individuals (1)	Salaries Honorarium (2) & Benefits (3)	Severance (4)	Total
RHA Chairperson											
Peter Woloshyn	1.00	$ 12	$ -	$ 12	-	$ -	$ 12	1.00	$ 11	$ -	$ 11
Members											
Lynda Allan	-	-	-	0	-	-	-	1.00	3	-	3
Tomo Bills	1.00	12	-	12	-	-	12	1.00	2	-	2
Betty Brown	1.00	7	-	7	-	-	7	1.00	7	-	7
Bruce Deal	1.00	11	-	11	-	-	11	1.00	2	-	2
Bonnie Gregorwich	1.00	13	-	13	-	-	13	1.00	8	-	8
Barry Hawkins	1.00	7	-	7	-	-	7	1.00	6	-	6
James Henderson	-	0	-	0	-	-	-	1.00	0	-	0
Werner Jappsen	1.00	14	-	14	-	-	14	1.00	9	-	9
Locksley McGann	1.00	8	-	8	-	-	8	1.00	6	-	6
Ron Pollock	1.00	14	-	14	-	-	14	1.00	10	-	10
Marie Rushton	1.00	13	-	13	-	-	13	1.00	9	-	9
Patrick Wilson	1.00	12	-	12	-	-	12	1.00	7	-	7
Total honoraria	11.00	123	-	123	-	-	123	13.00	80	-	80
Staff											
Chief Executive Officer	1.00	120	15	135	-	-	135	1.00	123	-	123
Management Reporting to CEO											
Director, Corporate Services	0.77	71	21	92	-	-	92	1.00	99	-	99
Director, Operations	1.00	99	15	114	1.00	113	227	1.00	103	-	103
Director, Program Planning	0.34	31	5	36	-	-	36	-	-	-	-
Medical Director	0.50	133	-	133	-	-	133	0.50	131	-	131
Medical Officer of Health	1.00	120	14	134	-	-	134	0.96	118	-	118
Dental Officer of Health	0.05	7	-	7	-	-	7	0.09	12	-	12
Other Management person(s) reporting to those above (avg. 2001 $88, avg. 2000 $79) (excluding Severance)	10.08	781	105	886	-	-	886	10.00	788	-	788
Regulated Nurses not included above (avg. 2001 $55, avg. 2000 $52) (excluding Severance)	207.9	10,128	1,347	11,475	-	-	11,475	188.62	9,839	94	9,933
Other health technical and professionals (avg. 2001 $58, avg 2000 $53) (excluding Severance)	94.32	4,819	649	5,468	1.00	4	5,472	86.72	4,636	-	4,636
Unregulated health service providers (avg. 2001 $29, avg 2000 $28) (excluding Severance)	80.9	2,070	286	2,356	-	-	2,356	69.94	1,991	-	1,991
Other Staff (avg. 2000 $37, avg. 1999 $35)	281.64	9,033	1,417	10,450	1.00	42	10,492	254.01	8,992	61	9,053
	679.50	27,412	3,874	31,286	3.00	159	31,445	613.84	26,832	155	26,987
Total	690.50	$ 27,535	$ 3,874	$ 31,409	3.00	$ 159	$ 31,568	626.84	$ 26,912	$ 155	$ 27,067

Schedule 3

WESTVIEW REGIONAL HEALTH AUTHORITY
SUMMARY OF REVENUES AND EXPENSES
FOR THE PERIOD COMMENCING APRIL 1, 1998

(thousands of dollars)

	Actual		
	2001	2000	1999
Revenues:			
Alberta Health and Wellness contributions	$ 46,496	$ 50,098	$ 38,445
Other government contributions	2,030	1,032	523
Fees and charges	4,545	3,993	3,851
Ancillary operations, net	(202)	(155)	(162)
Donations	91	118	-
Investment and other income	681	471	231
Amortization of external capital contributions	2,129	1,196	1,233
	55,770	56,753	44,121
Expenses:			
Facility based inpatient acute services	7,280	6,093	5,673
Facility based emergency and outpatient services	3,772	3,450	3,117
Facility based continuing care services	4,468	3,691	3,456
Community and home based services	6,224	5,408	4,968
Diagnostic and therapeutic services	9,395	8,297	8,097
Promotion, prevention and protection services	4,518	4,098	3,423
Research and education	-	-	15
Administration	3,519	3,256	3,070
Information technology and wc/ net	1,154	875	132
Year 2000 remedial costs	-	394	273
Support services	14,296	12,176	10,633
Amortization of facilities and improvements	1,521	855	855
	56,147	48,593	43,712
Excess (deficiency) of revenues over expenses	$ (377)	$ 8,160	$ 409

The Authority has not had any new programs transferred to its responsibility in the last three years.

Crossroads Regional
Health Authority #9
Financial Statements
March 31, 2001

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Grant Thornton LLP
Chartered Accountants
Management Consultants
Canadian Member Firm of
Grant Thornton International

Grant Thornton

Auditors' Report

To the Members of the Crossroads Regional Health Authority #9
and the Minister of Health

We have audited the statement of financial position of the Crossroads Regional Health Authority #9 ("the Authority") as at March 31, 2001 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2001 and the results of its operations, changes in net assets and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Further, we have made an examination to determine if the Authority has complied with Financial Directive 18 issued by Alberta Health. Our examination was made in accordance with Canadian generally accepted auditing standards and accordingly included such tests and other procedures as we considered necessary in the circumstances. In our opinion, the Authority has, in all significant respects, complied with Financial Directive 18.

Wetaskiwin, Alberta
June 8, 2001

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Management's Responsibility For Financial Reporting

The accompanying financial statements are the responsibility of management and have been approved by the Authority's Board. The financial statements were prepared in accordance with Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgements.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority has established a code of ethics and corporate directives, which require communication of the code to employees.

The Authority members carry out their responsibility for the financial statements through the Finance Committee. This Committee meets with management and the external auditor, Grant Thornton LLP to discuss and review financial matters, and recommends the financial statements to the Crossroads Regional Health Authority #9 Board for approval. The external auditor has full and free access to the Board.

The external auditor Grant Thornton LLP, provides an independent audit of the financial statements. Their examination is conducted in accordance with Generally Accepted Auditing Standards and includes tests and other procedures, which allow them to report on the fairness of the financial statements prepared by management.

Chief Executive Officer

Chief Operating Officer

Crossroads Regional Health Authority #9
Statement of Financial Position

(in thousands of dollars)

March 31,		2001 Actual		2000 Restated
Assets				
Current				
Cash and temporary investments (Note 4)	$	**9,285**	$	6,082
Accounts receivable (Note 6)		**448**		391
Contributions receivable		**49**		669
Inventories (Note 8)		**758**		1,238
Prepaid expenses		**230**		254
		10,770		8,634
Non-current cash (Note 5)		**552**		159
Non-current account receivable (Note 7)		**523**		
Capital assets (Note 9)		**38,075**		39,993
Other assets (Note 10)		**368**		362
Total assets	$	**50,288**	$	49,148
Liabilities				
Current				
Accounts payable (Note 11)	$	**6,387**	$	5,210
Accrued vacation pay		**2,030**		1,877
Deferred contributions (Note 12)		**949**		1,279
		9,366		8,366
Deferred capital contributions (Note 13)		**1,075**		159
Unamortized external capital contributions (Note 14)		**34,774**		37,194
		45,215		45,719
Net assets				
Unrestricted (Note 15)		**1,442**		230
Internally restricted (Note 16)		**330**		400
Invested in capital assets		**3,301**		2,799
Operating net assets		**5,073**		3,429
Total liabilities and net assets	$	**50,288**	$	49,148

Contingency and Commitments (Note 17 and 18)

On behalf of the Authority

Chairman

Board Member

See the accompanying notes to the financial statements

Crossroads Regional Health Authority #9
Statement of Operations

(in thousands of dollars)

For the year ended March 31, 2001

		2001 Budget (Note 19)		2001 Actual		2000 Actual Restated
Revenue						
Alberta Health and Wellness contributions (Note 20)	$	40,105	$	**40,433**	$	38,149
Other government contributions (Note 21)		1,000		**1,358**		1,285
Fees and charges		2,380		**2,634**		2,339
Ancillary operations, net (Note 22)				**10**		(108)
Donations		75		**54**		122
Investment and other income (Note 23)		345		**1,071**		732
Amortization of external capital contributions (Note 14)		2,560		**2,685**		2,543
		46,465		**48,245**		45,062
Expenses (Schedule 1)						
Facility based inpatient acute services		8,705		**9,024**		8,257
Facility based emergency and outpatient services		2,945		**3,047**		2,723
Facility based continuing care services		4,789		**4,753**		4,437
Community and home based services		2,132		**1,950**		1,754
Diagnostic and therapeutic services		7,983		**8,237**		7,502
Promotion, prevention and protection services		2,270		**2,315**		2,113
Administration (Note 24)		3,022		**2,799**		2,845
Information technology and we//net (Note 25)		1,736		**1,664**		1,601
Y2K remedial costs						439
Support services (Note 26)		9,777		**10,862**		9,850
Amortization of facilities and improvements		1,949		**1,950**		1,950
		45,308		**46,601**		43,471
Excess of revenue over expense	$	1,157	$	**1,644**	$	1,591

See the accompanying notes to the financial statements

Crossroads Regional Health Authority #9
Statement of Changes in Net Assets

(in thousands of dollars)
For the year ended March 31, 2001

	2001				2000
	Unrestricted (Note 15)	Internally Restricted (Note 16)	Invested in Capital Assets	**Total**	Total Restated
Excess of revenue over expense	$ 1,644	$	$	**$ 1,644**	$ 1,591
Capital assets purchased with internal funds	(964)		964		
Amortization on internally funded capital assets	395		(395)		
Loss on disposal of internally funded capital assets	67		(67)		
Net change to unrestricted net assets	1,142		502	**1,644**	1,591
Transfer from internally restricted	70	(70)			
Balance at beginning of year as restated (Note 3)	230	400	2,799	**3,429**	1,838
Balance at end of year	$ 1,442	$ 330	$ 3,301	**$ 5,073**	$ 3,429

See the accompanying notes to the financial statements

Crossroads Regional Health Authority #9
Statement of Cash Flows

(in thousands of dollars)
Year ended March 31, 2001

	2001		2000
	Budget	**Actual**	Actual Restated
Cash generated from (used by):			
Operating activities			
Excess of revenue over expense	$ 1,157	**$ 1,644**	$ 1,591
Non-cash transactions:			
Amortization of capital equipment - internally funded	253	**395**	267
- externally funded	610	**735**	609
Amortization of facilities and improvements	1,949	**1,950**	1,950
Amortization of external capital contributions	(2,560)	**(2,685)**	(2,578)
Loss on disposals of capital equipment		**67**	19
	1,409	**2,106**	1,858
Changes in non-cash working capital accounts (Note 27)	407	**2,454**	(1,217)
Cash generated by operating activities	1,816	**4,560**	641
Investing activities			
Purchase of capital assets:			
internally funded	(749)	**(964)**	(736)
externally funded - equipment (Note 14)	(80)	**(265)**	(889)
Allocations to non-current cash		**(393)**	(159)
Cash used by investing activities	(829)	**(1,622)**	(1,784)
Financing activities			
Capital contributions received	80	**265**	889
Capital contributions received for prior year			449
Principal payments on long term debt			(449)
Cash generated by financing activities	80	**265**	889
Increase (decrease) in cash and temporary investments	1,067	**3,203**	(254)
Cash and temporary investments, beginning of year	6,241	**6,082**	6,336
Cash and temporary investments, end of year	$ 7,308	**$ 9,285**	$ 6,082

See the accompanying notes to the financial statements

Crossroads Regional Health Authority #9
Notes to the Financial Statements
(in thousands of dollars)
March 31, 2001

Note 1 Authority, Purpose and Operations

The Crossroads Regional Health Authority #9 ("the Authority") was established on June 24, 1994 under the authority of the Regional Health Authorities Act, Chapter R-9.07, Statutes of Alberta, 1994. The Authority is exempt from payment of income tax and is a registered charity under the Income Tax Act.

The Authority is responsible for the delivery of appropriate, accessible and affordable health services in Alberta. The responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well-being.

The operations of the Authority include the following facilities and sites:

Crossroads Health Centre - Breton
Crossroads Hospital & Health Centre - Drayton Valley
Crossroads Hospital & Health Centre - Wetaskiwin
Crossroads Health Unit - Drayton Valley
Crossroads Health Unit - Wetaskiwin
Crossroads Health Unit - Winfield

These financial statements do not include the assets, liabilities, and operations of any voluntary or private facilities providing health care services in the region.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Financial Directive 18 issued by Alberta Health and Wellness. Following are the significant accounting policies:

(a) Basis of Presentation

These financial statements have been prepared using the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year when received or receivable.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(a) Basis of Presentation (continued)

(ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year when related expenses are incurred.

(iii) Externally restricted capital contributions are recorded as deferred contributions until the amount is invested in capital assets. Amounts invested representing externally funded capital assets are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

(iv) Unrestricted investment income is recognized in the year it is earned.

(v) Investment income subject to external restrictions is, depending on the nature of the restriction, recorded as a direct increase to net assets, or is deferred and recognized as revenue in the year the related expenses are incurred.

(vi) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(vii) Revenue from the sale of goods and services is recorded in the period that the goods are delivered or the services are provided.

(b) Full Cost

The Authority accounts for all costs and revenues related to services carried out for which it is responsible.

The fair values of costs of services are recorded. Fair value transactions as recorded consist of the following:

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Full Cost (continued)

(i) The fair value for use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent, is recorded as other government contributions and as program expense.

(ii) Other assets, supplies and service contributions that would otherwise have been purchased, are recorded as revenue and expenses at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers contribute a significant amount of time each year to assist the Authority in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenues and expenses in these financial statements because fair value cannot be reasonably determined.

(c) Employee Future Benefits

The Authority participates in the Local Authorities Pension Plan. This is a multi-employer defined benefit pension plan that provides pensions for the Authorities participating employees, based on years of service and earnings.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the authority has insufficient information to apply defined benefit plan accounting.

Pension costs included in these financial statements comprise the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plans. The Authority's portion of the pension plans' deficit or surplus is not recorded by the Authority.

The Authority fully accrues its obligations for employee non-pension future benefits.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(d) Investments

Temporary investments are recorded at the lower of cost or fair market value.

(e) Financial Instruments

The carrying value of cash and temporary investments, accounts receivable, accounts payable and accrued vacation pay approximates their fair value because of the short-term maturities of these items.

(f) Inventories

Drugs and supplies inventory is recorded at the lower of cost and net realizable value applied on an average basis. Assisted living condos are recorded at the lower of cost and net realizable value applied on an individual unit basis.

(g) Capital Assets

Capital assets are recorded at cost. Capital assets costing less than $5,000 are expensed.

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful Life
Buildings	20-40 years
Land improvements	10-20 years
Equipment	3-20 years

(h) Use of Estimates

In preparing the Authority's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the year. Actual results could differ from these estimates.

Crossroads Regional Health Authority #9
Notes to the Financial Statements

(in thousands of dollars)
March 31, 2001

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continue

(i) Foreign Currencies

Revenue and expenses are translated at the actual rate of exchange at the time of the transaction.

(j) Restructuring Costs

Restructuring costs are charged to expenses in the period the decision to restructure is made. If the actual costs are not known at the time the decision is made, then an estimate of the amount is recorded.

(k) Patient Trust Accounts

The authority holds trust funds on behalf of its long term care residents. These amounts are not reflected in these financial statements.

Note 3 Changes in Accounting Policy

The Authority has changed its method of accounting for its participation in multi-employer defined benefit pension plans. The Authority now records pension expense equivalent to its annual contributions payable during the year. The Authority's portion of the pension plans' deficit or surplus is not recorded by the Authority. This change in accounting policy has been applied retroactively with restatement of comparative amounts. As a result of the change in accounting policy, the Authority's financial statements for the year ended March 31, 2000 have been restated as follows:

	2000		
	As previously stated	Adjustment	As Restated
Net assets, beginning of year	$ 1,712	$ 126	$ 1,838
Net assets, end of year	$ 3,331	$ 98	$ 3,429
Pension liability	$ 98	$ (98)	$
Excess of revenue over expense	$ 1,619	$ (28)	$ 1,591

Crossroads Regional Health Authority #9
Notes to the Financial Statements

(in thousands of dollars)
March 31, 2001

Note 4 Cash and Temporary Investments

	2001	2000 Restated
Cash and bank	$ 3,600	$ 6,241
Temporary investments	6,237	
	9,837	6,241
Less non-current cash	(552)	(159)
	$ 9,285	$ 6,082

Included in cash and bank are externally restricted funds of $3,915 (2000 - $3,754) thousand dollars consisting of: Alberta Infrastructure for upgrades to the Crossroads Hospital & Health Centres - Wetaskiwin and Drayton Valley, Telehealth, Healthy Aging Partnership Initiative, miscellaneous deferred contributions, equipment replacement, betterment of capital assets, Consolidated Cash Investment Trust fund and Federal Sales Tax rebate monies from the construction of the Crossroads Hospital and Health Centre - Wetaskiwin, less non-current accounts receivable.

The Authority has an operating line of credit of $3 million with interest charged at Prime less 0.5%. Currently the Authority has not accessed any of these funds.

Note 5 Non-current Cash

Non-current cash represents funds restricted for the purchase of Telehealth initiative equipment, equipment replacement, and betterment of capital assets, less non-current accounts receivable.

Note 6 Accounts Receivable

	2001	2000
Inpatient	$ 23	$ 33
Outpatient	52	44
Long Term Care	209	224
Other	164	90
	$ 448	$ 391

Note 7 Non-current Accounts Receivable

Non-current accounts receivable represents funds, from the Federal Government, restricted for the purchase of medical equipment.

Crossroads Regional Health Authority #9
Notes to the Financial Statements
(in thousands of dollars)
March 31, 2001

Note 8 Inventories

	2001	2000
Drugs	$ 191	$ 201
Supplies	195	187
Assisted living condos	372	850
	$ 758	$ 1,238

Note 9 Capital Assets

	2001			2000
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 1,082	$	$ 1,082	$ 1,082
Land Improvements	260	176	84	95
Non-depreciable assets	503		503	503
Buildings	58,914	25,824	33,090	35,028
Equipment	9,961	6,645	3,316	3,285
	$ 70,720	$ 32,645	$ 38,075	$ 39,993

Capital assets have been funded from the following sources:	2001	2000
Externally funded (unamortized external capital contributions)	$ 34,774	$ 37,194
Internally funded (invested in capital assets)	3,301	2,799
	$ 38,075	$ 39,993

Note 10 Other Assets

Other assets are comprised of deferred development costs which include the cost of land and land improvements for the construction of units that are being built as part of the Authority's Assisted Living Program in Wetaskiwin and Drayton Valley. To date, 41 units have been built.

Crossroads Regional Health Authority #9
Notes to the Financial Statements
(in thousands of dollars)
March 31, 2001

Note 11 Accounts Payable

	2001	2000
Trade payables	$ 2,738	$ 1,899
Accrued salaries	1,062	837
Accrued overtime	92	87
Accrued statutory holidays	81	71
Province of Alberta		
Federal Sales Tax rebate	639	639
Consolidated Cash Investment Trust fund	1,775	1,677
	$ 6,387	$ 5,210

Note 12 Deferred Contributions

	2001	2000
Amount received:		
Alberta Health and Wellness	$ 49	$ 877
Other government	995	1,458
Donations		11
Investment and other revenues	68	44
	1,112	2,390
Amounts recognized as revenue:		
Alberta Health and Wellness (Note 20)		(439)
Other government (Note 21)	(1,324)	(1,251)
Investment and other revenues	(118)	(25)
Change during the year	(330)	675
Balance, beginning of year	1,279	604
Balance, end of year	$ 949	$ 1,279

Note 12 Deferred Contributions (continued)

Unspent amounts at the end of the year are restricted for the following purposes:

	2001	2000
Education	$ 58	$ 57
Year 2000 funds	80	79
Healthy Aging Partnership Initiative	359	359
Archival Blood Review	45	
Software Licenses	4	
Assisted Living Contingency Fund	13	33
Public Works	390	751
	$ 949	$ 1,279

Year 2000 funding is externally restricted to expenses directly related to the year 2000 equipment issue. Public Works funding is externally restricted to expenses directly related to approved Public Works projects. The Health Aging Partnership is externally restricted to support the short-term recommendations of the Long term Care Review Policy Advisory Committee.

Note 13 Deferred Capital Contributions

The deferred capital contributions balance represents amounts accounted for in accordance with the accounting policy in note 2(a).

	2001	2000
Amount received:		
Restricted Alberta Health and Wellness	$ 632	$ 267
Restricted other government	530	250
Donations restricted for capital purposes	19	52
Investment and other revenues		26
	1,181	595
Transferred to:		
Unamortized external capital contributions (Note 14)	(265)	(1,338)
Change during the year	916	(743)
Balance, beginning of year	159	902
Balance, end of year	$ 1,075	$ 159

Note 13 Deferred Capital Contributions (continued)

Balance at the end of the year is restricted for the following purposes:

	2001	2000
Equipment replacement	$ 22	$ 80
Telehealth	530	
Betterment of capital assets	523	79
	$ 1,075	$ 159

Note 14 Unamortized External Capital Contributions

Unamortized external capital contributions reflect transactions accounted for in accordance with the accounting policy described in Note 2(a). The balance at the end of the year represents the external capital contribution that will be recognized as revenue in future years.

	2001	2000
Balance, beginning of year	$ 37,194	$ 38,434
Add: amount transferred from deferred capital contribution (Note 13)	265	889
Add: transfer of capital asset purchased in prior year (Note 13)		449
Less: amount recognized as revenue	(2,685)	(2,543)
Less: amount recognized as revenue in ancillary operations (Note 22)		(35)
Balance, end of year	$ 34,774	$ 37,194

Note 15 Unrestricted and Internally Restricted Net Assets

The balance of unrestricted and internally restricted assets can be analyzed as follows:

	2001	2000
Unrestricted and internally restricted net assets at regionalization - April 1, 1995	$ 4,063	$ 4,063
Changes since regionalization:		
Cumulative operating surplus (deficit)	969	(675)
Invested in capital assets (net of amortization)	(3,301)	(2,799)
Miscellaneous adjustment	41	41
Balance, end of year	$ 1,772	$ 630

Crossroads Regional Health Authority #9
Notes to the Financial Statements
(in thousands of dollars)
March 31, 2001

Note 15 Unrestricted and Internally Restricted Net Assets (continued)

Unrestricted	$ 1,442	$ 230
Internally restricted	330	400
	$ 1,772	$ 630

Note 16 Internally Restricted Net Assets

The Authority has internally restricted the following amounts for:	2001	2000
Operating funds reserved for future financial shortcomings	$ 330	$ 400

Note 17 Contingency

The Authority is contingently liable for the buyback of 36 Assisted Living units at the option of and at the original cost to the purchaser, average cost of $90 thousand per unit. However, management feels that these units could be resold and costs recovered and that realistically, the possibility of having to purchase back all units simultaneously is highly improbable.

Note 18 Commitments

The Authority is committed to renovations to the Crossroads Health Centres - Wetaskiwin and Drayton Valley in the amount of $390 thousand, funding for which is supplied by Alberta Infrastructure. The Authority is committed to the completion of the Y2K issue in the amount of $80 thousand. Funding for this issue was supplied by Alberta Health and Wellness.

Crossroads Regional Health Authority #9
Notes to the Financial Statements
(in thousands of dollars)
March 31, 2001

Note 19 Budget

	Approved Budget(1)	Additional Funding(2)	Reported Budget
Revenue			
Alberta Health and Wellness contribution	$ 38,476	$ 1,629	$ 40,105
Other government contributions	1,000		1,000
Fees and charges	2,390		2,390
Ancillary operations, net	8	(8)	-
Donations	75		75
Investment and other income	345		345
Amortization of External Capital Contribution	2,560		2,560
	44,844	1,621	46,465
Expenses			
Facility based inpatient acute services	8,499	206	8,705
Facility based emergency and outpatient services	2,923	22	2,945
Facility based continuing care services	4,629	160	4,789
Community and home based services	2,014	118	2,132
Diagnostic and therapeutic services	7,928	55	7,983
Promotion, prevention and protection services	2,169	101	2,270
Administration	2,878	144	3,022
Information technology and we//net Y2K remedial costs	1,736		1,736
Support services	9,638	139	9,777
Amortization of facilities and improvements	1,949		1,949
	44,363	945	45,308
Excess of revenue over expense	$ 481	$ 676	$ 1,157

(1) The budget was approved by the board of the Health Authority on May 4, 2000 and subsequently approved by the Minister of Health and Wellness.

(2) The budget was updated to reflect the changes to Alberta Health and Wellness revenues for long term care funding (Broda Report), medical equipment funding, wait times for diagnostics and treatment and negotiated salary settlements.

Crossroads Regional Health Authority #9
Notes to the Financial Statements
(in thousands of dollars)
March 31, 2001

Note 20 Alberta Health and Wellness Contributions

	Budget	2001	2000
Unrestricted contributions	$ 40,105	**$ 40,433**	$ 37,710
Transferred from deferred contributions (Note 12)			439
	$ 40,105	**$ 40,433**	$ 38,149

Note 21 Other Government Contributions

	Budget	2001	2000
Alberta Infrastructure (Note 12)	$ 1,000	**$ 1,324**	$ 1,251
Fair value of non-acute care facilities used by the Authority		**34**	34
	$ 1,000	**$ 1,358**	$ 1,285

Note 22 Ancillary Operations

	2001					2000
	Non-Patient Food Services Operations	Assisted Living	Other Operations	**Total**	Budget	Total
Revenue						
Revenue	$ 384	$ 726	$ 97	**$ 1,207**	$ 1,172	$ 1,228
Amortization of deferred capital contributions						35
	384	726	97	**1,207**	1,172	1,263
Expenses						
Other expenses	355	747	95	**1,197**	1,172	1,336
Loss on sale of capital assets						17
Amortization						18
	355	747	95	**1,197**	1,172	1,371
Excess (deficiency) of revenue over direct expenses	$ 29	$ (21)	$ 2	**$ 10**	$	$ (108)
Deficiency of revenue over direct expenses 2000	$ (19)	$ (53)	$ (36)	$ (108)		

Crossroads Regional Health Authority #9
Notes to the Financial Statements
(in thousands of dollars)
March 31, 2001

Note 23 Investment and Other Income

	Budget	2001	2000
Interest	$ 245	**$ 407**	$ 186
Other income and recoveries	100	**664**	546
	$ 345	**$ 1,071**	$ 732

Note 24 Administration

	Budget	2001	2000
Corporate administration	$ 1,586	**$ 1,366**	$ 1,480
Public relations	185	**170**	160
Finance	602	**577**	595
Human resources	649	**686**	610
	$ 3,022	**$ 2,799**	$ 2,845

Note 25 Information Technology and Alberta we//net

	Budget	2001	2000
Alberta we//net	$ 172	**$ 138**	$ 94
Information technology	1,564	**1,526**	1,507
	$ 1,736	**$ 1,664**	$ 1,601

Alberta we//net is the province wide, strategic initiative to build a health information network. The initiative brings together a broad spectrum of health professionals into multi-disciplinary teams to put information technology to work to improve health service delivery to all Albertans. Alberta we//net brings together doctors, nurses, regional health authorities, pharmacists, the Alberta Cancer Board, the Alberta Mental Health Board, universities and faculties of medicine, a national health information institute and Alberta Health and Wellness in the planning and implementation of the network.

The Authority's contribution has been applied towards planning and pre-development activities that will produce clinical and administrative deliverables beginning in 2000-2001, or to develop applications to support we//net initiatives. In accordance with Generally Accepted Accounting Principles, $237 (2000 - $239) thousand has been capitalized and $138 (2000 - $94) thousand has been expensed.

Crossroads Regional Health Authority #9
Notes to the Financial Statements
(in thousands of dollars)
March 31, 2001

Note 26 Support Services

	Budget	2001	2000
Building maintenance, operations and security	$ 2,216	**$ 2,914**	$ 2,245
Alberta Infrastructure - renovations	1,000	**1,324**	1,251
Communications	88	**101**	94
Education	538	**534**	504
Housekeeping	1,464	**1,420**	1,411
Laundry and linen	457	**441**	427
Materiels management	695	**791**	768
Patient food services	2,164	**2,147**	2,053
Patient health records	575	**579**	516
Patient registration	526	**560**	534
Volunteer services	54	**51**	47
	$ 9,777	**$ 10,862**	$ 9,850

Note 27 Changes in Non-cash Working Capital Accounts

	Budget	2001	2000
Accounts receivable	$ 560	**$ 40**	$ (550)
Inventories	663	**400**	(661)
Prepaid expenses	(1)	**24**	(182)
Other assets		**(6)**	27
Accounts payable		**1,177**	182
Accrued vacation pay	(77)	**153**	35
Deferred contributions	(579)	**(330)**	(227)
Deferred capital contributions	(159)	**916**	159
	$ 407	**$ 2,454**	$ (1,217)

Crossroads Regional Health Authority #9
Notes to the Financial Statements
(in thousands of dollars)
March 31, 2001

Note 28 Related Parties

(a) Province of Alberta

The Authority is established under the Regional Health authorities Act. The Minister of Health and Wellness appoints the members of the Authority. Transactions between the Authority and the Province are disclosed in the Statement of Operations and notes 6, 11, 12 13, 20 and 21 to the financial statements.

(b) Foundations

The Authority has an economic interest in the foundations of Wetaskiwin and Drayton Valley. In each case they are entitled to representation on their Board of Directors.

	Contributions received by the Health Authority		Resources held by the foundation 2001	
	2001	2000	Externally Restricted	Unrestricted
Drayton Valley Health Services Foundation	**$ 5**	$ 1	$ 99	$ 61
Wetaskiwin Health Foundation	**42**	85	97	1,060
	$ 47	$ 86	$ 196	$ 1,121

Externally restricted amounts are for equipment, programs, research, and education for the specific hospitals and continuing care facilities supported by the individual foundations.

The value of administrative support provided to foundations, and the accounts receivable from the foundation at the year end are as follows:

	Administrative Support		Accounts Receivable	
	2001	2000	**2001**	2000
Wetaskiwin Health Foundation	**$ -**	$ 101	**$ 7**	$

All foundations listed raise funds to benefit the Authority and other health related entities. The foundations are registered charities under the Income Tax Act.

Crossroads Regional Health Authority #9
Notes to the Financial Statements
(in thousands of dollars)
March 31, 2001

Note 29 Economic Dependence

Approximately 86.7% (88.6% in 2000) of revenues for the year ended March 31, 2001 are directly attributed to the Province of Alberta.

Note 30 Pension Costs

The Authority participates in the local Authorities Pension Plan and Public Service Pension Plan which are multi-employer defined benefit plans. The pension expense recorded in these financial statements is equivalent to the Authority's annual contribution payable of $947 for the year ended March 31, 2001 (2000 $862).

At December 31, 2000, the Local Authorities Pension Plan reported a surplus of $883,823.

Note 31 Subsequent Events

Boundary changes

Effective July 1, 2001 Indian Reserves 137, 137A, 138, 138B and 139 will be transferred from David Thompson Regional Health Authority #6 to Crossroads Regional Health Authority #9. The Authority is unable, at this time, to determine the economic impact of this transfer.

Continuing Care Agreement

As of April 23, 2001 Crossroads has entered into an agreement with the Good Shepherd Lutheran Society ("the Society"), wherein the Authority agrees to transfer land, with a market value of $44 thousand, to the Society. The Authority has also committed, subject to the consent of the Province of Alberta, Healthy Aging Partnership Initiative (HAPI) grants in an amount not to exceed $1 million. To date the Authority has received HAPI funds in the amount of $359 thousand, which have been set up as a deferred contribution.

Note 32 Comparative Figures

Certain 2000 figures have been reclassified to conform to the 2001 presentation.

Note 33 Approval of Financial Statements

These financial statements were approved by the Authority on July 5, 2001.

Crossroads Regional Health Authority #9
Schedule of Expenses by Object
(in thousands of dollars)
For the year ended March 31, 2001

	2001		2000
	Budget	Actual	2000
Salaries, benefits, allowances and severances (Schedule 2)	$ 29,983	$ **29,730**	$ 28,278
Drugs, gases, medical and surgical supplies	1,782	**1,917**	1,647
Consulting services	1,316	**1,356**	1,500
Other	10,587	**11,648**	10,572
Amortization:			
Equipment - internally funded	253	**462**	286
Equipment - externally funded	610	**735**	609
Facilities and improvements	1,949	**1,950**	1,950
	46,480	**47,798**	44,842
Less amount reported in ancillary operations (Note 22)	(1,172)	**(1,197)**	(1,371)
	$ 45,308	$ **46,601**	$ 43,471

Schedule 1

Crossroads Regional Health Authority #9
Schedule of Salaries, Honoraria, Benefits, Allowances and Severance

(in thousands of dollars)

For the year ended March 31, 2001

	2001							2000			
					Severance						
	(1) Number of Individuals	(2) Salaries and Honoraria	(3) Benefits and Allowances	Subtotal	(1) Number of Individuals	Amount	Total	Number of Individuals	Salaries and Honoraria	Severance Amount	Total
Authority Board Compensation											
RHA Chairperson Rick Wilson		$ 19		$ 19			$ 19		$ 19		$ 19
RHA Members											
Anderson, Colleen		8		8			8		6		6
Hamdon, Moe		5		5			5		5		5
Kruithof, Ian		7		7			7		9		9
Murray, Peter		4		4			4		7		7
Sydenham, Judy		8		8			8		6		6
Wilson, Wallace		4		4			4		3		3
Total honoraria		55		55			55		55		55
Staff											
Chief Executive Officer (CEO)	1	115	14	129			129	1	46		46
Chief Executive Officer (CEO)								1	20	209	229
	1	115	14	129			129	2	66	209	275
Management persons reporting to CEO											
COO Medical Affairs	1	133		133			133	1	133		133
COO Diagnostic and Treatment	1	80	12	92	1	96	188	1	107		107
COO Community Services	1	92	14	106			106	1	102		102
	3	305	26	331	1	96	427	3	342	-	342

Schedule 2

Crossroads Regional Health Authority #9
Schedule of Salaries, Honoraria, Benefits, Allowances and Severance

(in thousands of dollars)

For the year ended March 31, 2001

	2001							2000			
					Severance						
	(1) Number of Individuals	(2) Salaries and Honoraria	(3) Benefits and Allowances	Subtotal	(1) Number of Individuals	Amount	Total	Number of Individuals	Salaries and Honoraria	Severance Amount	Total
Other management persons reporting to those above (average 2001 $81,710, average 2000 $80,533) (excluding severances)	22	$ 1,567	$ 231	$ 1,798			$ 1,798	21	$ 1,711	$ 107	$ 1,818
Regulated nurses not included above (average 2001 $51,819, average 2000 $51,451) (excluding severances)	214	9,670	1,419	11,089			11,089	204	10,496	16	10,512
Other health technical and professionals (average 2001 $54,836, average 2000 $54,220) (excluding severances)	109	5,171	813	5,984			5,984	103	5,507		5,507
Unregulated health service providers (average 2001 $30,054, average 2000 $28,624) (excluding severances)	120	3,096	510	3,606			3,606	117	3,349		3,349
Other staff (average 2001 $36,038, average 2000 $35,214 (excluding severances)	183	5,650	961	6,611	2	31	6,642	182	6,409	11	6,420
	648	25,154	3,934	29,088	2	31	29,119	627	27,472	134	27,606
Total	652	$ 25,629	$ 3,974	$ 29,603	3	$ 127	$ 29,730	632	$ 27,935	$ 343	$ 28,278

Schedule 2

Crossroads Regional Health Authority #9
Schedule of Salaries, Honoraria, Benefits, Allowances and Severance

For the year ended March 31, 2001

(1) Full time equivalent (FTE) has been determined as follows:

2,022.75 hours for all employees except regulated nurses; Regulated nurses use 1,920.75.

Total actual discrete number of individuals employed: 2001 - 971 (2000 - 974)

(2) Salaries include regular base pay, overtime, lump sum payments, honoraria and any other direct cash remuneration including sick leave, short-term disability and vacation.

(3) Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, out of country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, Employment Insurance, Worker's Compensation, car benefits and allowances and tuition.

(4) The total amount is reported in the following schedules:

Note 20 - Ancillary Operations	$	140
Schedule 1 - Expenses by Object	$	29,730

Schedule 2

Crossroads Regional Health Authority #9
Three Year Summary of Revenue and Expenses

(in thousands of dollars)
For the years commencing April 1, 1998

	Actual			Proforma		
	2001	2000	1999	2001	2000	1999
Revenues						
Alberta Health contributions	$ 40,433	$ 38,149	$ 32,996	$ 40,433	$ 38,149	$ 32,996
Other government contributions	1,358	1,285	294	1,358	1,285	294
Fees and charges	2,634	2,339	2,326	2,634	2,339	2,326
Ancillary operations, net	10	(108)	(82)	10	(108)	(82)
Donations	54	122	72	54	122	72
Investment and other income	1,071	732	358	1,071	732	358
Amortization of external contributions	2,685	2,543	2,378	2,685	2,543	2,378
	48,245	45,062	38,342	48,245	45,062	38,342
Expenses						
Facility based inpatient acute services	9,024	8,257	8,033	9,024	8,257	8,033
Facility based emergency and outpatient services	3,047	2,723	2,351	3,047	2,723	2,351
Facility based continuing care services	4,753	4,437	4,160	4,753	4,437	4,160
Community and home based services	1,950	1,754	1,602	1,950	1,754	1,602
Diagnostic and therapeutic services	8,237	7,502	6,866	8,237	7,502	6,866
Promotion, prevention and protection services	2,315	2,113	1,882	2,315	2,113	1,882
Administration	2,799	2,845	2,665	2,799	2,845	2,665
Information Technology and we net	1,664	1,601	1,375	1,664	1,601	1,375
Y2K remedial cost		439	154		439	154
Support services	10,862	9,850	8,463	10,862	9,850	8,463
Amortization of facilities and improvements	1,950	1,950	2,026	1,950	1,950	2,026
	46,601	43,471	39,577	46,601	43,471	39,577
Excess (deficiency) of revenues over expenses before extraordinary item	1,644	1,591	(1,235)	1,644	1,591	(1,235)
Extraordinary item			(242)			
Excess (deficiency) of revenues over expenses	$ 1,644	$ 1,591	$ (1,477)	$ 1,644	$ 1,591	$ (1,235)

Schedule 3

Capital Health Authority

Consolidated Financial Statements

March 31, 2001

CAPITAL HEALTH AUTHORITY

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2001

Auditor's Report

Management's Responsibility for Financial Reporting

Consolidated and Combined Consolidated Statements of Financial Position

Consolidated and Combined Consolidated Statements of Operations

Consolidated and Combined Consolidated Statements of Changes in Net Assets

Consolidated and Combined Consolidated Statements of Cash Flows

Notes to the Consolidated Financial Statements

Schedule 1 – Consolidated Schedule of Expenses by Object

Schedule 2 – Consolidated Schedule of Salaries, Honoraria, Benefits, Allowances and Severance

Schedule 3 – Consolidated Three Year Summary of Revenue and Expense

Schedule 4 – Combined Consolidated Schedule of Costs of Health Outputs

AUDITOR
GENERAL
Alberta

AUDITOR'S REPORT

To the Members of the Capital Health Authority
and the Minister of Health and Wellness

I have audited the consolidated statement of financial position of the Capital Health Authority ("the Authority") as at March 31, 2001 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. I have also audited the supplementary information comprised of:

- the combined consolidated statements of financial position, operations, changes in net assets and cash flows of the Authority and the Caritas Health Group;
- the combined consolidated statement operations and combined consolidated schedule of costs of health outputs of the Authority, the Caritas Health Group and, with respect to physician fees for services rendered to Capital Health Region residents, the Department of Health and Wellness

as at and for the years ended March 31, 2001 and 2000, presented in accordance with the basis disclosed in Note 2 to the consolidated financial statements. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

In my opinion, the combined consolidated financial statements including the combined consolidated schedule of costs of health outputs present fairly in all material respects:

- the combined financial position, and combined cash flows of the Authority and the Caritas Health Group; and
- the combined results of operations and combined costs of health outputs of the Authority, the Caritas Health Group and, with respect physician fees for services rendered to Capital Health Region residents, the Department of Health and Wellness

as at and for the years ended March 31, 2001 and 2000 in accordance with the basis of presentation disclosed in Note 2 to the consolidated financial statements.

Edmonton, Alberta
May 31, 2001, except for the combined
consolidated schedule of costs of health
outputs and, with respect to Alberta
Department of Health and Wellness –
physicians fees, the combined consolidated
statement of operations, which is June 28, 2001

Peter Valentine FCA
Auditor General

CAPITAL HEALTH AUTHORITY

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

CONSOLIDATED AND COMBINED CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2001

The accompanying consolidated and combined consolidated financial statements are the responsibility of management and have been approved by the Authority. The consolidated and combined consolidated financial statements were prepared in accordance with Canadian generally accepted accounting principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgments.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority has established a code of ethics and corporate directives, which require communication of the code to employees.

The Authority members carry out their responsibility for the consolidated and combined consolidated financial statements through the Audit and Finance Committee. This Committee meets with management, and the Auditor General to discuss and review financial matters, and recommends the consolidated and combined consolidated financial statements to the Capital Health Authority Board for approval. The Auditor General has full and free access to the Audit and Finance Committee.

The Auditor General provides an independent audit of the consolidated and combined consolidated financial statements. His examination is conducted in accordance with Canadian generally accepted auditing standards and includes tests and other procedures, which allows him to report on the fairness of the consolidated and combined consolidated financial statements prepared by management.

Sheila Weatherill
President and
Chief Executive Officer

Allaudin Merali
Allaudin Merali
Vice President,
Finance and Administration

June 28, 2001

CAPITAL HEALTH AUTHORITY
CONSOLIDATED AND COMBINED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2001

(thousands of dollars)

	Consolidated		Combined Consolidated (Note 2)	
	Capital Health Authority		Capital Health Authority and Caritas Health Group	
	2001	2000 (as restated - Note 4)	2001	2000 (as restated - Note 4)
ASSETS				
Current assets:				
Cash and temporary investments (Note 5)	$ 128,225	$ 117,931	$ 143,734	$ 127,750
Accounts receivable:				
Contributions receivable	9,757	7,862	9,757	7,862
Other receivables	25,256	26,379	27,777	27,698
Inventories	10,885	10,941	11,433	11,432
Prepaid expenses	34,655	19,875	35,206	20,466
	208,778	182,988	228,007	195,208
Contributions receivable (Note 6)	15,647	47,394	15,647	47,394
Non-current loan - long-term care partnership (Note 7)	3,768	-	3,768	-
Non-current cash and investments (Note 5)	105,037	66,595	105,037	66,595
Capital assets (Note 8)	743,422	727,440	809,183	795,300
TOTAL ASSETS	$ 1,076,652	$ 1,024,417	$ 1,161,642	$ 1,104,497
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable	$ 101,836	$ 90,219	$ 108,608	$ 98,894
Accrued vacation pay	40,821	32,619	49,901	40,695
Deferred operating contributions (Note 9)	62,979	54,529	65,979	57,424
Current portion of long-term debt (Note 10)	2,444	3,348	3,000	3,875
	208,080	180,715	227,488	200,888
Non-current liabilities:				
Deferred capital contributions (Note 11)	77,667	49,470	77,741	49,636
Deferred contributions - long-term care partnership projects (Note 7)	16,701	16,500	16,701	16,500
Long-term debt (Note 10)	12,059	15,605	14,395	18,497
Life lease deposits (Note 12)	8,594	8,641	8,594	8,641
	115,021	90,216	117,431	93,274
Unamortized external capital contributions (Note 13)	653,928	655,697	704,351	706,814
Net assets:				
Unrestricted	129	1,702	433	(5,889)
Restricted funds for designated purposes (Note 14)	34,128	51,367	34,128	51,367
Investment in capital assets	65,366	44,720	77,811	58,043
	99,623	97,789	112,372	103,521
TOTAL LIABILITIES AND NET ASSETS	$ 1,076,652	$ 1,024,417	$ 1,161,642	$ 1,104,497

Commitments (Note 16)

The accompanying notes and schedules are part of these consolidated and combined consolidated financial statements.

CAPITAL HEALTH AUTHORITY
CONSOLIDATED AND COMBINED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2001

(thousands of dollars)

	Consolidated			Combined Consolidated (Note 2)	
	Capital Health Authority			Capital Health Authority, Caritas Health Group and Alberta Department of Health and Wellness - Physician Fees	
	2001		2000	2001	2000
	Budget (Note 17)	Actual	Actual (as restated - Note 4)		(as restated - Note 4)
Revenue					
Alberta Health and Wellness contributions (Note 18)	$ 1,163,962	$ 1,176,203	$ 1,100,000	$ 1,176,203	$ 1,100,000
Alberta Department of Health and Wellness - physicians fees (Note 2)	-	-	-	303,610	288,052
Other government contributions (Note 19)	12,271	18,013	12,788	11,907	7,411
Fees and charges	87,506	91,241	90,668	91,241	90,668
Ancillary operations, net (Note 20)	4,173	3,581	4,375	5,550	5,872
Research, education, investment and other income (Note 21)	53,992	62,380	51,632	70,496	57,117
Amortization of external capital contributions (Note 13)	38,375	38,613	34,665	44,328	39,495
TOTAL REVENUE	$ 1,360,359	$ 1,390,031	$ 1,294,120	$ 1,703,335	$ 1,588,615
Expense (Schedule 1)					
Facility-based inpatient acute care services	$ 300,872	$ 306,597	$ 332,057	$ 373,806	$ 323,808
Facility-based emergency and outpatient services	112,992	115,408	97,313	117,360	102,051
Facility-based continuing care services (Note 7)	180,767	182,756	174,921	177,249	171,795
Community and home based services	75,992	76,135	64,189	76,391	64,252
Diagnostic and therapeutic services	260,417	265,465	234,372	269,890	240,034
Promotion, prevention and protection services	33,920	34,318	32,507	34,384	32,599
Research and education	68,136	67,122	63,300	67,433	63,696
Administration (Note 22)	39,848	38,211	36,352	39,248	37,881
Information technology and alberta we-net (Note 23)	21,278	34,706	22,351	34,706	22,351
Year 2000 remedial costs	-	-	7,599	-	7,599
Support services (Note 24)	165,912	167,040	144,728	173,802	144,776
Alberta Department of Health and Wellness - physician fees (Note 2)	-	-	-	303,610	288,052
Amortization of facilities and improvements	19,525	20,239	19,939	26,605	25,515
TOTAL EXPENSE	$ 1,359,859	$ 1,388,197	$ 1,229,628	$ 1,694,484	$ 1,524,409
Excess of revenue over expense	$ 500	$ 1,834	$ 64,492 [1]	$ 8,851 [2]	$ 64,206

[1] Excess of revenue over expense for 2000 as shown in the consolidated statement consists principally of one-time funding in 1999/2000 that was appropriated to fund the 1995/96 deficit, long-term debt repayment and investment in capital assets

[2] Excess of revenue over expenses for 2001 as shown in the combined consolidated statement includes one-time funding of $8.1 million for eliminating the Caritas Health Group accumulated deficit

The accompanying notes and schedules are part of these consolidated and combined consolidated financial statements.

CAPITAL HEALTH AUTHORITY
CONSOLIDATED AND COMBINED CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2001

(thousands of dollars)

	Consolidated						Caritas Health Group (Note 2)			
	Capital Health Authority									
	2001					2000	2001			2000
	Operating									
	Unrestricted	Restricted Funds for Designated Purposes (Note 14)	Unrestricted and Restricted Funds (Note 15)	Investment in Capital Assets	Total	Total (as restated - Note 4)	Unrestricted and Restricted Funds	Investment in Capital Assets	Total	Total (as restated - Note 4)
Balance at beginning of year as restated (Note 4)	$ 1,702	$ 51,367	$ 53,069	$ 44,720	$ 97,789	$ 33,297	$ (7,591)	$ 13,323	$ 5,732	$ 6,018
Excess of revenue over expense	1,834	-	1,834	-	1,834	64,492	7,017	-	7,017	(286)
Capital assets purchased with internal funds	(3,208)	(23,189)	(26,397)	26,397	-	-	(236)	236	-	-
Amortization on internally funded assets	10,246	-	10,246	(10,246)	-	-	1,230	(1,230)	-	-
Transfer for internally funded capital assets	(10,400)	10,400	-	-	-	-	-	-	-	-
Repayment of long-term debt used to fund capital assets	-	(4,450)	(4,450)	4,450	-	-	(116)	116	-	-
Other	(45)	-	(45)	45	-	-	-	-	-	-
Balance at end of year										
- Capital Health Authority	$ 129	$ 34,128	$ 34,257	$ 65,366	$ 99,623	$ 97,789	$ 304	$ 12,445	$ 12,749	$ 5,732
- Caritas Health Group	304		304	12,445	12,749	5,732				
Total Capital Health Authority and Caritas Health Group	$ 433	$ 34,128	$ 34,561	$ 77,811	$ 112,372	$ 103,521				

The accompanying notes and schedules are part of these consolidated and combined consolidated financial statements.

CAPITAL HEALTH AUTHORITY
CONSOLIDATED AND COMBINED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2001
(thousands of dollars)

	Consolidated			Combined Consolidated (Note 2)	
	Capital Health Authority			Capital Health Authority and Caritas Health Group	
	2001		2000	2001	2000
	Budget	Actual	Actual (as restated - Note 4)		(as restated - Note 4)
Operating activities					
Excess of revenue over expense	$ 500	$ 1,834	$ 64,492	$ 8,851	$ 64,206
Non cash transactions					
Amortization of capital equipment - internally funded	8,500	9,867	7,809	10,514	8,693
Amortization of capital equipment - externally funded	18,375	17,919	13,707	20,705	16,281
Amortization of facilities and improvements	20,000	21,655	20,882	24,967	23,424
Amortization of external capital contributions (Note 13)	(38,375)	(39,556)	(35,600)	(45,302)	(40,466)
Loss on disposal of capital equipment	-	361	1,019	970	1,160
Loss on disposal of investments	-	1,515	968	1,515	968
Change in non cash working capital accounts (Note 25)	3,500	12,773	(7,607)	10,660	(5,464)
Cash generated by operations	12,500	26,368	65,662	32,900	68,802
Investing activities					
Purchase of investments	(55,000)	(54,933)	(92,960)	(54,933)	(92,960)
Purchase of capital assets					
Internally funded	(43,600)	(26,397)	(9,492)	(26,633)	(9,865)
Funded with long term debt	-	(1,600)	(935)	(1,600)	(935)
Externally funded (Note 11)					
Equipment	(8,500)	(8,611)	(7,114)	(9,169)	(14,422)
Facilities and improvements	(31,591)	(29,176)	(45,275)	(33,669)	(47,666)
Year 2000	-	-	(41,266)		(41,266)
Funded by life lease deposits	-	-	(2,883)		(2,883)
Proceeds on sale of investments	55,000	51,107	88,056	51,107	88,056
Proceeds on disposal of capital assets	-	-	-	13	40
Long term care partnership loan	-	(3,768)	-	(3,768)	
Allocations from (to) non current cash	74,691	(36,131)	21,656	(36,131)	21,656
Building transfer to Alberta Infrastructure (Note 26)	-	-	5,613		5,613
Cash used for investing activities	(9,000)	(109,509)	(84,600)	(114,783)	(94,632)
Financing activities					
Capital contributions (Note 11)	-	64,432	69,201	69,391	78,899
Long term care partnership funds	-	1,753	16,500	1,753	16,500
Change in contributions receivable	-	31,747	(47,394)	31,747	(47,394)
Principal payments on long term debt	(3,500)	(4,450)	(3,392)	(4,977)	(3,891)
Life lease deposits received (repaid)	-	(47)	4,176	(47)	4,176
Building transfer to Alberta Infrastructure (Note 26)	-	-	(5,613)		(5,613)
Cash generated from financing activities	(3,500)	93,435	33,478	97,867	42,677
Increase in current cash and temporary investments	-	10,294	14,540	15,984	16,847
Current cash and temporary investments at beginning of year	117,931	117,931	103,391	127,750	110,903
Current cash and temporary investments at end of year	$ 117,931	$ 128,225	$ 117,931	$ 143,734	$ 127,750

The accompanying notes and schedules are part of these consolidated and combined consolidated financial statements

CAPITAL HEALTH AUTHORITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2001
(thousands of dollars)

Note 1 Authority, Purpose and Operations

The Capital Health Authority (the "Authority") was established on June 24, 1994 under the authority of the Regional Health Authorities Act, Chapter R-9.07, Statutes of Alberta 1994. The Authority is exempt from payment of income tax and is a registered charity under the Income Tax Act.

The Authority is responsible for the delivery of appropriate, accessible and affordable health services in Alberta. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well being.

The geographic boundary of the Capital Region comprises the cities of Edmonton and St. Albert, the municipalities of Leduc, Beaumont, New Sarepta, Rolly View, Nisku, Calmar, Thorsby, Sunnybrook and Warburg and the Counties of Strathcona and Leduc. The Authority provides a significant amount of services to residents of surrounding Northern regions, and for some specialized programs, provides services to all Albertans as well as the Western provinces and territories.

The Authority operations include the following:

a) Acute Care Hospitals and Community Hospitals and Health Centres
    - University of Alberta Hospital
    - Royal Alexandra Hospital
    - Glenrose Rehabilitation Hospital
    - Grey Nuns Community Hospital (operated by the Caritas Health Group)
    - Misericordia Community Hospital (operated by the Caritas Health Group)
    - Sturgeon Community Hospital
    - Leduc Community Hospital

b) Innovative Primary Health Facilities
    - Northeast Community Health Centre

Note 1 Authority, Purpose and Operations (continued)

c) Continuing Care Facilities
    Capital Care Group Inc. (wholly owned subsidiary of the Authority):
        Dickinsfield, Grandview, Norwood, Lynnwood, Mewburn Veterans Centre, Strathcona Care Centre, McConnell Care Centres and Laurier House
    Edmonton General Hospital (operated by the Caritas Health Group)
    Private and Voluntary Continuing Care Providers:
        15 providers under contract operating at 34 sites

d) Home Care
e) Public Health Clinics - 14 Sites
f) Public Health Speciality Clinics - 4 Sites
g) Medical Education (interns and residents) - various facilities
h) Research - undertaken at Northern Alberta Clinical Trials Centre and various facilities
i) Laboratory Services - hospital based laboratory services, and services contracted from a private operator
j) Provincial Laboratory at the University of Alberta Hospital Site
k) Community Rehabilitation Physiotherapy Clinics at 47 sites under contract and 8 public sites
l) Community Organizations - 11 providers under contract
m) Ancillary Operations - non-patient food services, parking, and other commercial activities

These financial statements do not include the assets, liabilities and operations of any voluntary or private facilities providing health services in the region. Information on these facilities is disclosed in Note 27. However, supplementary information comprising the combined financial statements of the Authority, Caritas Health Group and, with respect to the cost of physician fees, the Alberta Department of Health and Wellness is provided (see Note 2).

Note 2 Combined Consolidated Financial Statements

In meeting its responsibilities under the Regional Health Authorities Act, the Authority contracts with Caritas Health Group to provide certain acute care services as an integral part of the Authority's operations.

The consolidated financial statements of the Capital Health Authority and the audited financial statements of the Caritas Health Group have been combined for the current and prior year and presented as supplementary information, item for item with the information presented in the consolidated financial statements of the Authority.

Note 2 Combined Consolidated Financial Statements (continued)

In order to more accurately reflect the total cost of providing health care services in the Capital Region, the Combined Consolidated Statement of Operations includes, as revenue and expense, the cost of physician fees paid by the Alberta Department of Health and Wellness for services rendered to the residents of the Capital Region. The cost was provided by the Department in response to the Authority's request. Schedule 4, and the notes thereto, presents supplementary information on the combined costs for the Authority, the Caritas Health Group, and, with respect to physician fees, the Alberta Department of Health and Wellness.

Note 3 Significant Accounting Policies and Reporting Practices

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and the reporting requirements of Financial Directive 18 issued by Alberta Health and Wellness. Following are the significant accounting policies:

(a) Basis of Presentation

(1) These financial statements have been prepared on a consolidated basis, except that foundations are not consolidated. The entities consolidated are the Capital Health Authority and its wholly owned subsidiary, Capital Care Group Inc.

(2) These consolidated financial statements have been prepared using the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year they become receivable, unless they have been specifically designated by the contributor for a future year.

(ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year when related expenses are incurred. If these contributions are unspent, they are recorded as deferred contributions.

(iii) Externally restricted capital contributions are recorded as deferred contributions until the amount is invested in capital assets. Amounts invested representing externally funded capital assets are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

(iv) Restricted contributions to purchase capital assets which will not be amortized are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year it is earned.

Note 3 Significant Accounting Policies and Reporting Practices (continued)

(a) Basis of Presentation (continued)

(vi) Investment income subject to external restrictions is, depending on the nature of the restrictions, recorded as a direct increase to net assets, or is deferred and recognized as revenue in the year the related expenses are incurred.

(vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(viii) Revenue from sale of goods and services is recorded in the period that goods are delivered or services are provided.

(b) Full Cost

The Authority accounts for all costs and revenues related to services carried out for which it is responsible.

The fair value of costs of services is recorded. Fair value transactions recorded consist of the following:

(i) Revenue earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges is recorded as fees and charges of the Authority. An equivalent amount is recorded as contracted health service operator expense of the Authority.

(ii) Payments from Alberta Health and Wellness directly to contracted health service operators for health programs are recorded as revenue and an equivalent amount recorded as program expenses as these payments represent part of the cost of the Authority's health programs.

(iii) The fair value for use of acute care facilities not owned by the Authority is recorded as revenue from other government contributions or from donations, and also recorded as program expense, since contract payments from the Authority do not include an amount for use of these facilities.

(iv) The fair value for use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expenses.

Note 3 Significant Accounting Policies and Reporting Practices (continued)

(b) Full Cost (continued)

(v) Other assets, supplies and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers contribute a significant amount of time each year to assist the Authority in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenue and expenses in the financial statements because fair value cannot be reasonably determined.

(c) Employee Future Benefits

(i) Pension Obligation

The Authority and its eligible employees participate in the Local Authorities Pension Plan. This is a multi-employer defined benefit pension plan that provides pensions for the Authority's participating employees, based on years of service and earnings.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Authority has insufficient information to apply defined benefit accounting.

Pension expense included in these financial statements comprises the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plan. The Authority's portion of the pension plan's deficit or surplus, is not recorded by the Authority.

(ii) Other Future Benefits

The Authority is obligated to pay out accumulated sick leave credits to certain employees employed prior to April 1, 1975 with five continuous years of permanent service. Those who terminate employment shall be entitled to collect pay in an amount equivalent to twenty-five percent (25%) of any unexpended sick leave credits.

The Authority participates in a Supplementary Unemployment Benefit Plan. This is a post-delivery disability benefit for female employees who meet certain qualification criteria. Qualifying employees are entitled to a top-up of their Employment Insurance Maternity benefits to a percentage of their regular earnings and cost sharing of premiums during the post-delivery disability period.

The Authority fully accrues its obligations for employee non-pension future benefits.

Note 3 Significant Accounting Policies and Reporting Practices (continued)

(d) Investments

Temporary investments are recorded at lower of cost and market.

Non-current investments are recorded at cost. Cost includes the amount of applicable amortization of discount or premium using the straight-line method over the period to maturity. The cost of disposal is determined on the average cost basis. Gains or losses realized on disposal are recognized in the period of disposal.

Where there has been a loss in the value of an investment other than a temporary decline, the investment is written down to recognize the loss. The written down value is deemed to be the new cost.

(e) Financial Instruments

The carrying value of cash and temporary investments, accounts receivable and accounts payable approximates their fair value because of the short-term maturities of these items.

The fair values of cash and investments are disclosed in Note 5.

Non-current receivables approximate their fair value.

The carrying value of the life lease deposits repayable over a long term at the original values is not discounted. The fair value of the life lease deposits is not practically determinable.

The carrying value of long-term debt and obligations under capital leases approximates their fair values.

(f) Inventories

Inventories are valued at the lower of cost and net realizable value.

(g) Capital Assets

Capital assets and construction projects in progress are recorded at cost. Capital assets costing less than $5,000 are expensed.

Note 3 Significant Accounting Policies and Reporting Practices (continued)

(g) Capital Assets (continued)

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

Buildings	2.5% - 5%
Parking lots	5%-10%
Land improvements	10%
Furniture and equipment	5% - 20%
Equipment under capital lease	5% - 20%
Leasehold improvements	Lease term plus one renewal period

Capital projects in progress are not amortized until the project is complete.

Leases transferring substantially all of the benefits and risks of ownership of capital assets to the Authority are accounted for as acquisitions of capital assets financed by long-term obligations.

(h) Trust Funds Received by the Authority for Non-owned Facilities

The Authority receives trust funds from Alberta Infrastructure that are to be paid to operators of non-owned facilities for capital purposes or facility repairs. These amounts are not reflected in the financial statements but are disclosed in Note 30.

(i) Measurement Uncertainty

The consolidated financial statements by their nature, contain estimates and are subject to measurement uncertainty. The amounts recorded for amortization of capital assets and amortization of external capital contributions are based on estimates of the useful life of the related assets. Actual results could differ from these estimates.

Note 4 Changes in Accounting Policy

The Authority has changed its method of accounting for its participation in a multi-employer defined benefit pension plan and for non-pension future benefits. The Authority now records pension expense equivalent to its annual contributions payable during the year. The Authority's portion of the pension plan's deficit or surplus is not recorded by the Authority. In addition, the Authority fully accrues its obligations for employee non-pension future benefits.

This change in accounting policy has been applied retroactively with restatement of comparative amounts. As a result of the change in accounting policy, the Authority's consolidated financial statements for the year ended March 31, 2000 have been restated as follows:

	2000 (thousands of dollars) As Previously Stated	 Adjustment	 As Restated
Unrestricted net assets at beginning of year	$ (11,614)	$ 5,266	$ (6,348)
Unrestricted net assets at end of year	$ -	$ 1,702	$ 1,702
Accrued benefit liability	$ -	$ 280	$ 280
Pension liability	1,982	(1,982)	-
Excess of revenue over expenses	$ 68,056	$ (3,564)	$ 64,492

As a result of the change in accounting policy, the combined consolidated financial statements for the Authority and the Caritas Health Group for the year ended March 31, 2000 have been restated as follows:

	2000 (thousands of dollars) As Previously Stated	 Adjustment	 As Restated
Unrestricted net assets at beginning of year	$ (19,664)	$ 5,560	$ (14,104)
Unrestricted net assets at end of year	$ (7,906)	$ 2,017	$ (5,889)
Accrued benefit liability	$ -	$ 354	$ 354
Pension liability	2,371	(2,371)	-
Excess of revenue over expenses	$ 67,749	$ (3,543)	$ 64,206

Note 5 Cash and Investments

	2001	2000
	(thousands of dollars)	
Cash	$ 158,808	$ 109,326
Bonds	53,224	51,321
Equities	22,830	23,879
Interim bank financing	(1,600)	-
Total	$ 233,262	$ 184,526
Reported as:		
Current	$ 128,225	$ 117,931
Non-current	105,037	66,595
	$ 233,262	$ 184,526
Fair value of current and non-current cash and investments	$ 236,483	$ 184,982

(a) Income and financial returns are exposed to credit and price risks. Credit risk relates to the possibility that a loss may occur when another party fails to perform according to terms of the contract. Price risk comprises interest rate risk and market risk. Interest rate risk relates to the possibility that investments will change in value with future fluctuations in market interest rates. Market risk relates to the possibility that investments will change in value due to future fluctuations in market prices.

To earn optimal financial returns at an acceptable level of risk, management has established a policy asset mix of 0% to 100% for fixed-income instruments and 0% to 35% for equities. Risk is reduced through asset class diversification, diversification within each asset class and quality constraints on fixed-income and equity instruments.

(b) Publicly traded fixed-income instruments are managed with the objective of providing optimal returns while maintaining maximum security of capital. Return is optimized within risk constraints on the portfolio by management of portfolio duration and issuer mix.

Fixed-income securities maturity dates range from September 2003 to June 2023. Bond yields to maturity range from 5.0% to 9.5% as at March 31, 2001. (March 31, 2000 – 5.0% to 9.5%). The weighted average term to maturity is 6.8 years.

Note 5 Cash and Investments (continued)

(c) Equities comprise publicly traded equities in Canadian and United States resident corporations. Risk is reduced by prudent security selection and sector rotation.

Non-current cash and investments held relate to the following:

	2001	2000
	(thousands of dollars)	
Funds committed for long-term care partnerships (Note 7)	$ 16,701	$ 16,500
Non-current loan - long-term care partnership (Note 7)	(3,768)	-
Contributions externally restricted for capital purposes (Note 11)	77,667	49,470
Contributions receivable (Note 6)	(15,647)	(47,394)
Funds committed for capital purposes (Note 14)	34,128	51,367
Current portion of long-term debt (Note 10)	(2,444)	(3,348)
Interim bank financing - Laurier House	(1,600)	-
	$ 105,037	$ 66,595

Note 6 Contributions Receivable

	2001	2000
	(thousands of dollars)	
Alberta Infrastructure - capital		
Acute care and other capital projects	$ -	$ 6,825
Capital equipment on major projects	-	11,000
Alberta Health and Wellness		
Capital equipment	15,647	13,069
	15,647	30,894
Long-term care partnership projects	-	16,500
	$ 15,647	$ 47,394

Note 7 Long-term Care Partnership

Funds received from Alberta Infrastructure for the purpose of providing facility-based continuing care to the region's residents are recorded as long-term deferred contributions $16,701,000 (2000 $16,500,000).

The Authority uses the Forgivable Mortgage Model for reporting the contribution and advancement of funds. Under this model, the Authority finances the capital construction costs. The loan is repayable on demand, is secured by the facility and is forgivable for services rendered by the owner over the life of the facility. During the year, the Authority advanced $3,768,000 for the construction of a new Allen Gray facility.

Funds used for constructing property for the Authority's subsidiary, Capital Care Group Inc., are transferred to deferred capital contributions and will be transferred to unamortized external capital contributions as the project is completed. In 2001, the Authority expended $1,552,000 on the Strathcona Care Centre and transferred this amount to deferred capital contributions (Note 11).

Facility-based continuing care services will include expenses associated with long-term care partnership projects. As the two projects were not completed in 2001, no expenses have been charged for these projects in the Consolidated Statement of Operations.

Note 8 Capital Assets

	2001			2000
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	(thousands of dollars)			
Buildings	$ 783,126	$ 238,105	$ 545,021	$ 543,180
Parking lots	39,332	15,195	24,137	25,363
Land and improvements	4,965	769	4,196	4,196
Furniture and equipment	295,144	173,283	121,861	123,252
Equipment under capital lease	9,532	9,149	383	754
Leasehold improvements	4,080	3,420	660	891
Projects in progress (1)	47,164	-	47,164	29,804
	$ 1,183,343	$ 439,921	$ 743,422	$ 727,440

(1) Projects in progress include the Patient Food Centre, Stollery Children's Health Centre, other major capital upgrades and Information Technology projects under development.

Note 8 Capital Assets (continued)

(a) Land

Land at the following sites has been provided to the Authority at nominal values:

Site	Leased From	Lease Period
Royal Alexandra Hospital	City of Edmonton	Expires 2002
Glenrose Rehabilitation Hospital	Province of Alberta	Expires 2038
Mewburn Veterans Centre	Alberta Cancer Board	Expires 2008
Laurier House	Alberta Infrastructure	Expires 2056
McConnell Place North	City of Edmonton	Expires 2035
McConnell Place West	Alberta Infrastructure	Expires 2056

(b) Capital assets have been funded from the following sources:

	2001	2000
	(thousands of dollars)	
Externally funded (unamortized external capital contributions) (Note 13)	$ 653,928	$ 655,697
Internally funded (investment in capital assets)	65,366	44,720
Financed through:		
Long-term debt (Note 10)	14,503	18,953
Life lease deposits (Note 12)	8,594	8,641
Interim financing - Laurier House (Note 5)	1,600	-
Other	(569)	(571)
	$ 743,422	$ 727,440

Note 9 Deferred Operating Contributions

	2001	2000
	(thousands of dollars)	
Amounts received:		
Alberta Health and Wellness contributions		
Restricted	$ 57,794	$ 40,006
Unrestricted	1,124,324	1,058,438
	1,182,118	1,098,444
Other government contributions	3,024	1,092
Special purpose funds for research and education	36,949	37,673
Other contributions	6,577	5,009
	1,228,668	1,142,218
Amounts recognized as revenue:		
Alberta Health and Wellness contributions (Note 18)		
Restricted	51,861	41,562
Unrestricted	1,124,342	1,058,438
	1,176,203	1,100,000
Other government contributions:		
Primary care projects (Note 19)	429	1,362
Alberta Mental Health Board (Note 19)	1,330	-
Special purpose funds for research and education (Note 21)	36,845	33,496
Other contributions (Note 21)	5,411	3,649
	1,220,218	1,138,507
	8,450	3,711
Transfer of funds related to Year 2000 (Note 11)	-	5,333
Change during the year	8,450	9,044
Balance at beginning of year	54,529	45,485
	$ 62,979	$ 54,529
Unspent amounts at end of year are restricted for the following purposes:		
Alberta Health and Wellness patient care programs	$ 16,833	$ 10,918
Other government contributions	1,522	257
Special purpose funds for research and education	37,100	36,996
Other	7,524	6,358
	$ 62,979	$ 54,529

Note 10 Long-term Debt

	2001	2000
	(thousands of dollars)	
Loans	$ 3,924	$ 5,535
Debentures	10,169	12,574
	14,093	18,109
Obligation under capital lease, net of imputed interest	410	844
	14,503	18,953
Less: current portion	2,444	3,348
Long-term portion	$ 12,059	$ 15,605

	Capital Lease	Loans and Debentures	Total
		(thousands of dollars)	
Future principal payments:			
For the year ending March 31			
2002	$ 410	$ 2,034	$ 2,444
2003	-	2,149	2,149
2004	-	794	794
2005	-	392	392
2006	-	416	416
thereafter	-	8,308	8,308
	$ 410	$ 14,093	$ 14,503

The capital lease expires in 2002. The implicit interest rate payable on this lease is 5.80%. The leased equipment is pledged as collateral security for the capital lease.

Note 10 Long-term Debt (continued)

Loan and debenture maturities and rates are as follows:

	Maturity Date	Rate	Amount 2001	Amount 2000
			(thousands of dollars)	
Alberta Municipal Financing Corp [1]	October 1, 2018	5.75%	$ 9,426	$ 9,721
Pacific & Western Trust Corporation [2]	April 26, 2003	5.55%	3,924	5,535
City of Edmonton - semi-annual [3]	June 1, 2020	6.875%	743	760
Alberta Municipal Financing Corp [4]			-	1,155
City of Edmonton - annual [4]			-	938
			$ 14,093	$ 18,109

[1] The parkade at University of Alberta Hospital is pledged as collateral security for the Alberta Municipal Financing Corporation debenture.

[2] Capital equipment is pledged as collateral security for the Pacific & Western Trust Corporation loan.

[3] Borrowing is unsecured.

[4] The borrowings were repaid in full prior to maturity date.

Note 11 Deferred Capital Contributions

	2001	2000
	(thousands of dollars)	
Amounts received:		
Restricted Alberta Health and Wellness contributions	$ 5,000	$ 2,300
Restricted other government contributions	32,583	30,002
Interest on externally restricted contributions	554	539
Donations restricted for capital purposes	8,380	5,001
Other	2,268	4,571
Refund of capital contributions	-	(179)
	48,785	42,234
Capital contributions receivable (Note 6)	15,647	30,894
Transfer of funds related to Year 2000 (Note 9)	-	(5,333)
Interest earned on Year 2000 funds (Note 21)	-	1,406
	64,432	69,201
Transferred from deferred contributions long-term care partnership projects (Note 7)	1,552	-
Transferred to unamortized external capital contributions (Note 13)	(37,787)	(93,655)
Change during the year	28,197	(24,454)
Balance, beginning of year	49,470	73,924
Balance, end of year	$ 77,667	$ 49,470
Balance at the end of the year is restricted for the following purposes:		
Equipment	$ 54,913	$ 32,452
New construction upgrade projects	22,754	17,018
	$ 77,667	$ 49,470

Note 12 Life Lease Deposits

Funding for the Laurier House, a project for long-term care residents, is provided by the tenants with a non-interest bearing repayable deposit, for a right to occupy the unit leased. When the life lease agreement is terminated, which may be by death or the tenant moving out, the life lease deposit is returned to the tenant without interest and in accordance with the terms of the life lease agreement.

Note 13 Unamortized External Capital Contributions

The balance at the end of year represents the external capital contributions that will be recognized as revenue in future years.

	2001	2000
	(thousands of dollars)	
Balance at beginning of year	$ 655,697	$ 603,263
Add amounts transferred from:		
Deferred capital contributions (Note 11)	37,787	93,655
Transfer of building (Note 26)	-	(5,613)
	37,787	88,042
Less amounts recognized as revenue:		
Ancillary operations (Note 20)	(943)	(943)
Amortization of external capital contributions	(38,613)	(34,665)
	(39,556)	(35,608)
Balance at end of year	$ 653,928	$ 655,697

Note 14 Restricted Funds for Designated Purposes

Funds restricted for designated purposes represent amounts internally restricted by the Authority for the following purposes:

	2001	2000
	(thousands of dollars)	
Transfer from 1999/2000 results:		
1999/2000 capital plan requirements	$ -	$ 23,500
2000/2001 capital plan requirements	-	19,453
Other	-	(396)
	-	42,557
Amounts appropriated for capital commitments of prior years	7,378	2,223
Amounts appropriated for capital commitments of 2000/01	23,350	-
Future equipment replacement	1,089	-
Debt repayment	500	5,000
Other	1,811	1,587
	$ 34,128	$ 51,367

Restricted funds represent amounts approved for capital expenditures and long-term debt repayment and are not available for other purposes.

Note 15 Unrestricted and Restricted Funds

	2001	2000
	(thousands of dollars)	
		(as restated)
Deficiency in net assets at regionalization - April 1, 1995	$ (802)	$ (802)
Cumulative operating surplus (1)	70,655	68,821
Net investment in capital assets	(35,326)	(14,725)
Other	(270)	(225)
	$ 34,257	$ 53,069
Unrestricted	$ 129	$ 1,702
Restricted funds for designated purposes	34,128	51,367
	$ 34,257	$ 53,069

Unrestricted and Restricted Funds by Year

	Opening Balance	Operating Surplus/Deficit	Capital Asset Acquisitions	Amortization on Internally Funded Assets	Debt Repayment	Other	Ending Balance
			(thousands of dollars)				
1995-96	$ (802)	$ (30,822)	$ (2,429)	$ 7,036	$ (835)	$ -	$ (27,852)
1996-97	(27,852)	9,927	(13,132)	7,001	(659)	-	(24,715)
1997-98	(24,715)	25,135	(2,070)	7,299	(1,894)	-	3,755
1998-99	3,755	89	(15,442)	8,536	(3,061)	(225)	(6,348)
1999-00	(6,348)	64,492	(9,492)	7,809	(3,392)	-	53,069
2000-01	53,069	1,834	(26,397)	10,246	(4,450)	(45)	34,257
Total		$ 70,655 (1)	$ (68,962)	$ 47,927	$ (14,291)	$ (270)	

(1) The cumulative operating surplus of $70,655,000 includes funding of $33,081,000 received in 1997/1998 for the inherited deficit at regionalization.

Note 16 Commitments

The Authority is committed to operating lease payments in future years as follows:

For the year ending March 31,		(thousands of dollars)
	2002	$ 2,092
	2003	1,888
	2004	1,674
	2005	890
	2006	343
	thereafter	686
		$ 7,573

The leases expire at various dates from 2001 to 2007.

The Authority has outstanding commitments for capital equipment purchases of $8,927,000.

In addition, the Authority contracts on an ongoing basis with voluntary, private and community health service operators to provide acute and continuing care health services in the Region (Note 27(d)). The Authority has contracted for services in the year ending March 31, 2002 similar to those provided by these operators in 2001.

Note 17 Budget

	Approved Budget(1)	Adjustments(2)	Reported Budget
		(thousands of dollars)	
Revenue			
Alberta Health and Wellness contributions	$ 1,163,962	$ -	$ 1,163,962
Other government contributions	12,271	-	12,271
Fees and charges	87,586	-	87,586
Ancillary operations, net	4,173	-	4,173
Research, education, investment and other income	53,992	-	53,992
Amortization of external capital contributions	38,375	-	38,375
	1,360,359	-	1,360,359
Expense			
Facility-based inpatient acute services	390,872	(10,000)	380,872
Facility-based emergency and outpatient services	112,992	-	112,992
Facility-based continuing care services	183,767	(3,000)	180,767
Community and home based services	75,992	-	75,992
Diagnostic and therapeutic services	248,417	12,000	260,417
Promotion, prevention and protection services	31,920	2,000	33,920
Research and education	70,336	(2,000)	68,336
Administration	45,848	(6,000)	39,848
Information technology and alberta we net	21,278	-	21,278
Support services	158,912	7,000	165,912
Amortization of facilities and improvements	19,525	-	19,525
	1,359,859	-	1,359,859
Excess of revenue over expense	$ 500	$ -	$ 500

(1) The budget was approved by the Board of the Authority on November 1, 2000, and approved by the Minister of Health and Wellness.

(2) Adjustments relate to re-allocations to expenses to conform to the classification used to report actual amounts.

Note 18 Alberta Health and Wellness Contributions

	2001		2000
	Budget	Actual	Actual
	(thousands of dollars)		
Unrestricted funding	$1,122,209	$ 1,121,023	$ 994,947
November, 1999 one time funding	-	-	61,134
One-time funding for Caritas Health Group's accumulated deficit	-	8,050	-
Unrestricted contributions made directly by Alberta Health and Wellness to contracted health service operators (Note 27(d))	-	3,319	2,357
	1,122,209	1,132,392	1,058,438
Year 2000 funding relating to operating expenditure	-	-	7,599
Other restricted funding	41,753	43,811	33,963
	41,753	43,811	41,562
	$1,163,962	$ 1,176,203	$ 1,100,000

Note 19 Other Government Contributions

	2001		2000
	Budget	Actual	Actual
	(thousands of dollars)		
Alberta Infrastructure	$ -	$ 922	$ 251
School health initiatives	-	3,559	-
Primary care projects (Note 9)	-	429	1,362
Alberta Mental Health Board (Note 9)	-	1,330	-
Fair value of rent less rent charges for non-acute care facilities used by the Authority (Note 27(d))	327	196	327
Fair value for use of non-owned acute care facilities (Note 27(d))	11,944	11,577	10,840
	$ 12,271	$ 18,013	$ 12,780

Note 20 Ancillary Operations

	2001					2000
	(thousands of dollars)					
	Non-Patient Food Services Operations	Other Operations	Parking Operations	Total	Budget	Total
Revenue	$ 9,187	$ 13,809	$ 7,137	$ 30,133	$ 28,630	$ 25,839
Amortization of deferred capital contributions	134	38	771	943	-	943
	9,321	13,847	7,908	31,076	28,630	26,782
Expense						
Other expenses	8,943	13,552	3,358	25,853	24,457	20,849
Amortization of capital assets	155	242	1,245	1,642	-	1,558
	9,098	13,794	4,603	27,495	24,457	22,407
Excess of revenue over expense 2000-01	$ 223	$ 53	$ 3,305	$ 3,581	$ 4,173	$ 4,375
Excess of revenue over expense 1999-00	$ 346	$ 1,163	$ 2,866	$ 4,375	$ 3,421	

Note 21 Research, Education, Investment and Other Income

	2001		2000
	Budget	Actual	Actual
	(thousands of dollars)		
Investment income	$ 9,156	$ 14,876	$ 9,712
Investment income subject to restrictions and transferred to deferred contributions (Note 11)	-	-	(1,406)
Funds received for research and education purposes (Note 9)	29,616	36,845	33,496
Other contributions (Note 9)	1,235	5,411	3,649
Sales and recoveries	13,985	5,248	6,181
	$ 53,992	$ 62,380	$ 51,632

Investment income comprises interest, dividends, amortization of discount and premiums, and net gains on disposal of investments.

Note 22 Administration

	2001		2000
	Budget	Actual	Actual
	(thousands of dollars)		(as restated - Note 4)
General administration	$ 20,323	$ 20,217	$ 18,927
Financial services	8,782	8,110	7,855
Interest on long-term debt	340	293	434
Human resources	10,403	9,591	9,136
	$ 39,848	$ 38,211	$ 36,352
Expenses before amortization of related capital assets		$ 37,875	$ 35,452
Amortization of related capital assets		336	900
		$ 38,211	$ 36,352

Note 23 Information Technology and alberta we/net

	2001		2000
	Budget	Actual	Actual
	(thousands of dollars)		
Information systems support	$ 16,468	$ 28,148	$ 17,039
alberta we/net	4,810	6,558	5,312
	$ 21,278	$ 34,706	$ 22,351

alberta we/net is the province-wide, strategic initiative to build a health information network. The initiative brings together a broad spectrum of health professionals into multi-disciplinary teams to put information technology to work to improve health service delivery to all Albertans. alberta we/net brings together doctors, nurses, regional health authorities, pharmacists, the Alberta Cancer Board, the Alberta Mental Health Board, universities and faculties of medicine, a national health information institute and Alberta Health and Wellness in the planning and implementation of the network.

The Authority's contribution has been applied towards planning, pre-development and development activities that will produce clinical and administrative deliverables and to develop applications to support we/net initiatives. In accordance with Canadian generally accepted accounting principles, $6,558,000 has been expensed (2000 $5,312,000) and $nil (2000 $nil) has been capitalized.

Note 24 Support Services

	2001		2000
	Budget	Actual	Actual
	(thousands of dollars)		(as restated - Note 4)
Clinical engineering	$ 5,226	$ 5,262	$ 4,854
Building maintenance, operations and security[1]	55,449	55,826	46,078
Communications	4,959	4,993	4,421
Education	4,199	4,228	3,123
Housekeeping	23,770	23,937	20,432
Materials management	21,131	21,275	18,309
Patient food services	27,411	27,598	25,605
Patient registration	15,826	15,934	14,413
Other services	7,941	7,987	7,493
	$ 165,912	$ 167,040	$ 144,728
Expenses before amortization of related capital assets		$ 162,941	$ 142,845
Amortization of related capital assets		4,099	1,883
		$ 167,040	$ 144,728

(1) Includes utility costs.

Note 25 Change in Non-Cash Working Capital Accounts

	2001	2000
	(thousands of dollars)	
Accounts receivable	$ (772)	$ (13,325)
Inventories	56	(846)
Prepaid expenses	(14,780)	(2,013)
Accounts payable	11,617	(3,326)
Accrued vacation pay	8,202	2,859
Deferred operating contributions	8,450	9,044
	$ 12,773	$ (7,607)

Note 26 Capital Asset Write Down - Building Transfer to Alberta Infrastructure

In 2000, the Authority negotiated a transfer of ownership of the Patient Support Centre to Alberta Infrastructure. Land and building, which had been funded through government contributions, had a net book value of $ 5,613,000 at the transfer date. Title to the building was transferred April 1, 1999. An occupancy agreement is in place to permit the Authority to continue using the existing facilities until a new regional facility is in place. Unamortized external capital contributions and capital assets were reduced by $ 5,613,000 to reflect this transaction in 2000.

Note 27 Related Parties

(a) Provincial Government

The Authority is established under the Regional Health Authorities Act. The Minister of Health and Wellness appoints the members of the Authority. Contributions from the Province are disclosed in the Consolidated Statement of Operations and notes 9, 11, 18 and 19 to the consolidated financial statements.

Note 27 Related Parties (continued)

(b) Foundations

The Authority has an economic interest, through representation on the Board of Directors, in the following foundations:

	Contributions Received [1]		Resources Held by Foundations		
			2001		
	2001	2000	Endowments & Externally Restricted	Internally Restricted	Unrestricted
			(thousands of dollars)		
University Hospital Foundation	$ 3,442	$ 3,742	$ 14,175	$ 5,409	$ 5,042
Royal Alexandra Hospital Foundation	1,038	1,737	1,938	3,418	517
Children's Health Foundation of Northern Alberta	5,698	2,342	2,785	1,325	915
Capital Care Foundation	474	387	511	130	68
Black Gold Health Foundation (formerly Leduc Health Foundation)	46	21	-	-	196
Glenrose Foundation	765	168	1,246	213	379
Sturgeon Community Hospital & Health Centre Foundation	224	123	494	-	484
Strathcona Health Care Foundation	197	10	-	132	-
	$ 11,884	$ 8,530	$ 21,149	$ 10,627	$ 7,601

[1] Contributions comprise externally restricted amounts for equipment, programs, research and education.

Note 27 Related Parties (continued)

(b) Foundations (continued)

Amounts related to administrative support provided to foundations and the accounts receivable from (payable to) the foundations at year-end are as follows:

	Administrative Support		Accounts Receivable (Payable)	
	2001	2000	2001	2000
	(thousands of dollars)			
University Hospital Foundation	$ -	$ 30	$ 133	$ (39)
Royal Alexandra Hospital Foundation	-	-	-	-
Children's Health Foundation of Northern Alberta	-	-	687	2,455
Capital Care Foundation	171	149	118	147
Black Gold Health Foundation (formerly Leduc Health Foundation)	32	55	-	-
Glenrose Foundation	179	188	-	(188)
Sturgeon Community Hospital & Health Centre Foundation	-	60	(1)	(58)
Strathcona Health Care Foundation	-	-	-	-
	$ 382	$ 482	$ 937	$ 2,317

Note 27 Related Parties (continued)

(c) Other Voluntary Organizations

The Authority has an economic interest in the following organizations affiliated with the hospitals:

	Contributions Received		Resources Held by Organizations 2001		
	2001	2000	Endowments & Externally Restricted	Internally Restricted	Unrestricted
	(thousands of dollars)				
The Friends of University Hospital	$ 250	$ 300	$ 101	$ -	$ 706
Royal Alexandra Hospital Women's Auxiliary	129	140	-	-	447
Sturgeon Healthcare Auxiliary Volunteer Association	61	60	-	-	184
Glenrose Rehabilitation Hospital Women's Auxiliary	-	-	-	-	7
	$ 440	$ 500	$ 101	$ -	$ 1,344

(d) Contracted Health Service Operators

The Authority contracts with voluntary, private and community health service operators to provide acute and continuing care health services in the Region.

One of the major service providers within the region is the Caritas Health Group. A Cooperation Agreement, dated March 21, 1996, arising from the agreement between the Catholic Health Association of Alberta and Associates and the Minister of Health and Wellness dated December 20, 1994, describes the relationship between the Authority and the Caritas Health Group. These financial statements include, as supplementary information, financial information related to the Caritas Health Group. The consolidated statement of operations amounts include expenses of the Caritas Health Group to the extent of funding provided by the Authority plus approved patient or resident fees and charges and a fair value adjustment for the use of the Caritas Health Group's acute care facilities.

Note 27 Related Parties (continued)

(d) Contracted Health Service Operators (continued)

	2001					2000
	Direct Funding by the Authority	Direct Funding by Alberta Health and Wellness (Note 18)	Approved Patient Resident Fees and Charges	Full Cost Adjustments (Note 19)	Total	Total
	(thousands of dollars)					
Facility Name						
Allen Gray Continuing Care Centre	$ 2,048	$ -	$ 526	$ -	$ 2,574	$ 2,410
Caritas Health Group	150,836	-	10,390	11,577	172,803	151,818
Central Park Lodge	6,833	-	2,188	-	9,021	8,459
Extendicare	7,683	191	2,668	-	10,542	9,600
Good Samaritan	24,630	307	6,552	-	31,489	27,485
Hardisty Nursing Home	3,834	-	1,707	-	5,541	5,300
Jubilee Lodge Nursing Home	4,488	397	1,509	-	6,394	5,962
Millwoods Shepherd's Care Centre	6,359	373	2,002	-	8,734	8,213
Salem Manor	3,057	1,263	993	-	5,313	3,961
Sherwood Park Care Centre	2,878	-	981	196	4,055	3,927
St. Joseph's Auxiliary Hospital	8,341	-	1,914	-	10,255	9,791
St. Michael's Long-term Care Centre	5,350	480	1,442	-	7,272	6,783
Venta Nursing Home	2,364	248	827	-	3,439	3,371
Youville Nursing Home (St. Albert)	5,021	60	1,557	-	6,638	6,299
Physiotherapy providers	6,044	-	-	-	6,044	5,446
Homecare providers	24,867	-	-	-	24,867	21,668
Other	59,614	-	-	-	59,614	54,004
	$ 324,247	$ 3,319	$ 35,256	$ 11,773	$ 374,595	$ 334,497
Reported in the following expenses categories						
Facility-based continuing care services					$ 90,771	$ 80,375
Facility-based inpatient acute services					63,443	55,403
Facility-based emergency and outpatient services					21,266	17,706
Community and home based services					25,153	21,893
Diagnostic and therapeutic services					92,702	82,952
Research and education					1,677	1,468
Support services					72,733	67,502
Administration					6,850	7,198
					$ 374,595	$ 334,497

Note 28 Province Wide Services

Included in Alberta Health and Wellness contributions is funding to provide a small range of complex, high technology, high cost services (classified as Province Wide Services) on behalf of all Albertans. Information on costs and funding for these services, included in revenues and expenses, is as follows:

	2001				2000			
	(thousands of dollars)							
			Variance				Variance	
	Funding (1)	Costs (2)	$	%	Funding (1)	Costs (2)	$	%
Inpatient (3)	81,539	97,075	$ (15,536)	(19.1)	$ 68,209	$ 94,326	$ (26,117)	(38.3)
Clinics and home services (4)	40,490	43,563	(3,073)	(7.6)	31,179	38,477	(7,298)	(23.4)
High cost drugs and devices (5)	17,141	16,075	1,066	6.2	17,705	14,488	3,217	18.2
Tertiary services (6)	18,032	21,973	(3,941)	(21.9)	15,681	21,314	(5,633)	(35.9)
November 1999 Funding (1)	-	-	-	-	22,000	-	22,000	-
	$ 157,202	$ 178,686	$ (21,484)	(13.7)	$ 154,774	$ 168,605	$ (13,831)	(8.9)

(1) Funding provided by Alberta Health and Wellness does not include amortization of related external capital contributions. In November 1999 Alberta Health and Wellness provided one time funding of $22 million to supplement existing Province Wide Services funding. This funding was not allocated to specific services.

(2) Costs for inpatient, and clinics and home services include an allocation of overhead and amortization of equipment.

(3) Inpatient services consist of organ and bone marrow transplants, most heart surgeries, high end trauma and burns cases, selected neurosurgery procedures, neonatology and selected oncology procedures. Inpatient volumes funded were 4,767 (2000 - 4,772) cases while the actual volumes were 5,014 (2000 - 4,579) cases, a difference of 247 cases. Actual costs were based on the costing methodology adopted by Alberta Health and Wellness Costing Partnership Project. Inpatient costs are based on average case cost throughout the year. Patient activity is based on patient discharge date.

(4) Clinics and home services represent actual costs for programs such as renal and peritoneal dialysis services, pre and post transplant services, home enteral nutrition therapy, medical genetics testing, and the diagnosis and treatment of sleep disorders. Estimated costs for services to out-of-province patients are excluded.

(5) High cost drugs represent actual costs for transplantation drugs, HIV drugs and other pre-established high cost drugs. High cost devices represent actual costs for cranioplasty, implantable cardiac defibrillators and cochlear implants.

(6) Tertiary services compensate for indirect costs relating to teaching and research hospitals. The amounts reported are based on methodology developed by the Province Wide Services Advisory Committee.

Note 29 Surgical Services Contracts

The Authority has entered into contracts with accredited surgical facilities pursuant to the Health Care Protection Act to provide health services. Information of the facilities, contract value and payments is as follows:

Entity	Service	Term of Contract Start Date	 End Date	Annual Value of Contract	Total Expense March 31, 2001
				(thousands of dollars)	
Don Groot Professional Corporation	Dermatology	01-Oct-00	30-Sep-02	$ 167	$ 110
Alberta Eye Institute, Inc	Ophthalmology	01-Oct-00	30-Sep-02	279	102
Buski Eye Centre and Surgical Suite	Ophthalmology	01-Oct-00	30-Sep-02	16	9
Coronation Day Surgery Centre	Ophthalmology	01-Oct-00	30-Sep-02	35	35
David B. Climenhaga Professional Corporation	Ophthalmology	01-Oct-00	30-Sep-02	269	142
Gimbel Eye Centre - Edmonton, Inc	Ophthalmology	01-Oct-00	30-Sep-02	294	167
Royce L.C. Johnson Professional Corporation	Ophthalmology	01-Oct-00	30-Sep-02	97	85
Surgical Centres Inc	Ophthalmology	01-Oct-00	30-Sep-02	50	23
Darrell Andrew Paul Gutaas Professional Corporation	Oral Surgery	01-Nov-00	31-Oct-02	96	19
F. Christopher Robinson Professional Corporation	Oral Surgery	01-Nov-00	31-Oct-02	40	21
F. Wayne Tunis Professional Corporation	Oral Surgery	01-Nov-00	31-Oct-02	54	6
Kevin F. Lung Professional Corporation	Oral Surgery	01-Nov-00	31-Oct-02	66	48
Randall W. Kreutz Professional Corporation	Oral Surgery	01-Nov-00	31-Oct-02	40	4
Terence K. Vankka Professional Corporation	Oral Surgery	01-Nov-00	31-Oct-02	24	5
Thomas R. Stevenson Professional Corporation	Oral Surgery	01-Nov-00	31-Oct-02	48	9
Walter Dobrovolsky Professional Corporation	Oral Surgery	01-Nov-00	31-Oct-02	96	31
Plastic & Cosmetic Laser Surgical Centre	Plastic Surgery	01-Oct-00	30-Sep-02	241	137
Surgical Centres Inc	Plastic Surgery	01-Oct-00	30-Sep-02	22	4
Bava 91 Limited - Morgentaler Clinic	Reproductive Health	01-Oct-00	30-Sep-02	1,006	567
				$ 3,040	$ 1,524

Payments to these accredited surgical facilities are reported under facility-based emergency and outpatient services in the Consolidated Statement of Operations.

Note 30 Trust Funds

The Authority receives funds in trust from Alberta Infrastructure for non-owned facilities for capital purposes and facility repairs. These amounts are not reported in the consolidated financial statements.

During the year the Authority received $7,930,000 (2000 $3,391,000) and disbursed $4,597,000 (2000 $3,540,000) for capital and facility repairs for non-owned facilities. The balance of funds held by the Authority is $4,829,000 (2000 $1,496,000).

Note 31 Pension Costs

The Authority participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equivalent to the Authority's annual contributions payable of $21,845,000 for the year ended March 31, 2001 (2000 $18,615,000).

At December 31, 2000 the Local Authorities Pension Plan reported a surplus of $883,823,000 (1999 $880,358,000).

Note 32 Comparative Figures

Certain March 31, 2000 figures have been reclassified to conform to the March 31, 2001 presentation.

Note 33 Approval of Financial Statements

These financial statements have been approved by the Authority.

Schedule 1

CAPITAL HEALTH AUTHORITY
CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT
FOR YEAR ENDED MARCH 31, 2001
(thousands of dollars)

	2001		2000
	Budget	Actual	Actual (as restated - Note 4)
Salaries, honoraria, benefits, allowances and severance (Schedule 2)	$ 635,000	$ 636,966	$ 561,099
Contracts with health service operators (Note 27(d))	364,282	374,595	334,497
Drugs, gases, medical and surgical supplies	105,200	108,272	98,053
Medical, consulting and other professional services	65,000	69,228	48,654
Year 2000 remedial operating costs	-	-	7,599
Other	167,959	176,829	158,716
Amortization:			
Capital equipment - internally funded	8,500	9,867	7,809
Capital equipment - externally funded	18,375	18,280	14,726
Facilities and improvements	20,000	21,655	20,882
	1,384,316	1,415,692	1,252,035
Less amounts reported in ancillary operations (Note 20)	(24,457)	(27,495)	(22,407)
	$ 1,359,859	$ 1,388,197	$ 1,229,628

Schedule 2

CAPITAL HEALTH AUTHORITY
CONSOLIDATED SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE
FOR THE YEAR ENDED MARCH 31, 2001
(thousands of dollars)

	2001							2000			
					Severance						
	Number of Individuals[1]	Salaries and Honoraria[2]	Benefits and Allowances[3]	Sub-total	Number of Individuals	Amount	Total	Number of Individuals[1]	Salaries, Benefits, Honoraria[2, 3]	Severance	Total
Board Compensation											
Chairperson											
Wilkinson, Neil[4]	1	$ 76	-	$ 76	-	-	$ 76	1	$ 59	-	$ 59
Board Members											
Current Members											
Bell, Dean	1	12	-	12	-	-	12	1	10	-	10
Bidlock, Peter	1	12	-	12	-	-	12	1	13	-	13
Blumenthal, Leonard	1	15	-	15	-	-	15	1	15	-	15
Burch, Bill	1	9	-	9	-	-	9	1	9	-	9
Hook, David	1	2	-	2	-	-	2	1	6	-	6
Huntley, Andrew	1	7	-	7	-	-	7	1	6	-	6
Kmasewich, Robert	1	6	-	6	-	-	6	1	7	-	7
Mabbott, Linda	1	15	-	15	-		15	1	18	-	18
Martel, Dan	1	4	-	4	-	-	4	1	3	-	3
Mondor, Al	1	6	-	6	-	-	6	1	3	-	3
Plain, Margaret	1	11	-	11	-	-	11	1	9	-	9
Polowick, Karen M	1	16	-	16	-	-	16	1	15	-	15
Ramsey, John C	1	-	-	-	-	-	-	1	-	-	-
Young, Leslie	1	8	-	8	-	-	8	1	7	-	7
Total honoraria	15	$ 199	-	$ 199	-	-	$ 199	15	$ 180	-	$ 180

[4] Board honoraria includes $7,000 related to work with Provincial Health Authorities of Alberta (as Vice Chair of the Council of Chairs and Chair of Provincial Committee) and for other external activities to support the region.

Schedule 2 (continued)

CAPITAL HEALTH AUTHORITY
CONSOLIDATED SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE
FOR THE YEAR ENDED MARCH 31, 2001
(thousands of dollars)

	2001							2000			
					Severance						
	Number of Individuals (1)	Salaries and Honoraria (2)	Benefits and Allowances (3)	Sub-total	Number of Individuals	Amount	Total	Number of Individuals (1)	Salaries, Benefits, Honoraria (2)(3)	Severance	Total
Staff											
Chief Executive Officer	1.00	$ 339	$ 57	$ 396	-	-	$ 396	1.00	$ 394	-	$ 394
Management persons reporting to the CEO:											
Vice Presidents, Operating Officers and Others											
Chief Clinical Officer (5)	1.00	297	33	330	-	-	330	1.00	294	-	294
Chief Planning Officer	1.00	121	17	138	-	-	138	1.00	139	-	139
Community Care & Public Health	1.00	210	27	237	-	-	237	1.00	224	-	224
Finance & Administration	1.00	204	24	228	-	-	228	1.00	218	-	218
Human Resources	1.00	161	20	181	-	-	181	1.00	178	-	178
Public Affairs	1.00	146	19	165	-	-	165	1.00	153	-	153
Royal Alexandra Hospital (6)	1.00	180	22	202	-	-	202	1.00	178	-	178
Academic Affairs		-	-	-	-	-	-	1.00	169	-	169
University of Alberta Hospital	1.00	176	22	198	-	-	198	1.00	181	-	181
Community Hospitals	1.00	150	13	163	-	-	163	-	-	-	-
Government Relations	1.00	81	11	92	-	-	92	0.50	46	-	46
Chief Liaison Officer	1.00	110	14	124	-	-	124	-	-	-	-

(5) Includes amounts related to responsibility for Academic Affairs which were previously performed by others

(6) Includes payments related to responsibility for Regional Support Services

Schedule 2 (continued)

CAPITAL HEALTH AUTHORITY
CONSOLIDATED SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE
FOR THE YEAR ENDED MARCH 31, 2001
(thousands of dollars)

	2001							2000			
					Severance						
	Number of Individuals (1)	Salaries and Honoraria (2)	Benefits and Allowances (3)	Sub-total	Number of Individuals	Amount	Total	Number of Individuals (1)	Salaries, Benefits, Honoraria (2)(3)	Severance	Total
Other management person(s) reporting to those above (avg. 2001 $97, avg. 2000 $87) (excluding severance)	91	$ 7,778	$ 1,023	$ 8,801	7	$ 475	$ 9,276	88	$ 7,690	$ 260	$ 7,950
Other management person(s) reporting to those above (avg. 2001 $70, avg. 2000 $65) (excluding severance)	483	29,484	4,226	33,710	19	675	34,385	455	29,475	1,262	30,737
Medical doctors not included above (avg. 2001 $123, avg. 2000 $128) (excluding severance)	25	2,772	305	3,077	-	-	3,077	28	3,580	-	3,580
Regulated nurses not included above (avg. 2001 $61, avg. 2000 $57) (excluding severance)	4,199	224,762	31,638	256,400	7	240	256,640	4,016	229,006	232	229,238
Other health technical and professionals (avg. 2001 $62, avg. 2000 $57) (excluding severance)	1,806	97,492	14,502	111,994	4	83	112,077	1,734	98,906	64	98,970
Unregulated health service providers (avg. 2001 $30, avg. 2000 $30) (excluding severance)	1,162	30,082	4,378	34,460	8	84	34,544	1,093	32,730	54	32,784
Other frontline staff (avg. 2001 $40, avg. 2000 $37) (excluding severance)	4,545	160,590	23,370	183,960	19	354	184,314	4,242	155,166	320	155,486
Capital Health Authority Total	12,338.00	$ 555,334	$ 79,721	$ 635,055	64	$ 1,911	$ 636,966	11,683.50	$ 558,907	$ 2,192	$ 561,099
Caritas Health Group Total	2,462.00	$ 109,389	$ 16,594	$ 125,983	1	$ 20	$ 126,003	2,367.70	$ 114,164	$ 387	$ 114,551
Total Capital Health Authority and Caritas Health Group	14,800.00	$ 664,723	$ 96,315	$ 761,038	65	$ 1,931	$ 762,969	14,051.20	$ 673,071	$ 2,579	$ 675,650

Schedule 2 (continued)

SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE

FOR THE YEAR ENDED MARCH 31, 2001

1. Full time equivalent (FTE) has been determined as follows:

   The average number of individuals is calculated based on a weighted average number of individuals occupying a category or position for the year based on a standard work year of 2,023 hours, except for named individuals.

   Total actual discrete number of individuals employed: 16,536 (2000 15,634)

2. Salaries include regular base pay, overtime, lumpsum payments, honoraria and any other direct cash remuneration including sick leave, short-term disability and vacation.

3. Benefits and allowances include the employers share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, out of country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, unemployment insurance, workers compensation, car benefits and allowances, and tuition.

4. Severance expenses include amounts paid in lieu of notice and certain other severance related costs. Numbers of staff reported under the severance category are the discrete numbers of people receiving severance.

5. The average salary and benefits amounts exclude severance payments.

6. Amounts reported in 2000 have been reclassified to include payments made in 2001 that relate to the prior year.

Schedule 3

CAPITAL HEALTH AUTHORITY
CONSOLIDATED SUMMARY OF REVENUE AND EXPENSE
FOR THE THREE YEAR PERIOD

(thousands of dollars)

	Actual			Pro-forma[1]		
	2001	2000 (as restated)	1999 (as restated)	2001	2000 (as restated)	1999 (as restated)
Revenue						
Alberta Health and Wellness contributions	$ 1,176,203	$ 1,100,000	$ 950,786	$ 1,176,203	$ 1,100,000	$ 951,286
Other government contributions	18,013	12,780	11,401	18,013	12,780	11,401
Fees and charges	91,241	90,668	85,989	91,241	90,668	85,989
Ancillary operations, net	3,581	4,375	2,882	3,581	4,375	2,882
Research, education, investment and other income	62,380	51,632	43,006	62,380	51,632	43,006
Amortization of external capital contributions	38,613	34,665	31,738	38,613	34,665	31,738
	$ 1,390,031	1,294,120	1,125,802	$ 1,390,031	$ 1,294,120	1,126,302
Expense						
Facility-based inpatient acute care services	$ 386,597	$ 332,057	314,679	$ 386,597	$ 332,057	314,679
Facility-based emergency and outpatient services	115,408	97,313	87,223	115,408	97,313	87,223
Facility-based continuing care services	182,756	174,921	162,207	182,756	174,921	162,207
Community and home based services	76,335	64,189	59,777	76,335	64,189	60,277
Diagnostic and therapeutic services	265,465	234,372	208,667	265,465	234,372	208,667
Promotion, prevention and protection services	34,318	32,507	27,434	34,318	32,507	27,434
Research and education	67,122	63,300	52,549	67,122	63,300	52,549
Administration	38,211	36,352	35,529	38,211	36,352	35,529
Information technology and alberta we.net	34,706	22,351	15,876	34,706	22,351	15,876
Support services	167,040	144,728	135,470	167,040	144,728	135,470
Year 2000 remedial costs	-	7,599	5,865	-	7,599	5,865
Amortization of facilities and improvements	20,239	19,939	20,437	20,239	19,939	20,437
	$ 1,388,197	1,229,628	1,125,713	$ 1,388,197	1,229,628	1,126,213
Excess of revenue over expense	$ 1,834	$ 64,492	$ 89	$ 1,834	$ 64,492	$ 89

[1] Alberta Health and Wellness transferred responsibility for certain programs to the Authority at various dates. "Pro-forma" amounts are presented on the basis that the program transfers occurred at the beginning of the earliest proforma period presented. In order to disclose the costs of health services provided in the region, transactions incurred by Alberta Health and Wellness for the Programs transferred have been combined with the transactions of the Authority and reported as pro-forma amounts.

Schedule 3 (continued)

CAPITAL HEALTH AUTHORITY
CONSOLIDATED SUMMARY OF REVENUE AND EXPENSE
FOR THE THREE YEAR PERIOD
(thousands of dollars)

	Revenue			Expenses		
	2001	2000 (as restated)	1999 (as restated)	2001	2000 (as restated)	1999 (as restated)
Actual amounts reported	$1,390,031	$ 1,294,120	$ 1,125,802	$1,388,197	$ 1,229,628	$ 1,125,713
Program transfers where amounts previously paid by others are now the responsibility of the Authority:						
Physicians alternate payment programs	-	-	500	-	-	500
Pro-forma amounts	$1,390,031	$ 1,294,120	$ 1,126,302	$1,388,197	$ 1,229,628	$ 1,126,213

Schedule 4

CAPITAL HEALTH AUTHORITY
COMBINED CONSOLIDATED SCHEDULE OF COSTS OF HEALTH OUTPUTS
FOR YEAR ENDED MARCH 31, 2001

	2001			2000		
Program	Activity Measure	Average Cost	Total Cost (thousands of dollars)	Activity Measure	Average Cost	Total Cost (thousands of dollars)
Acute Care						
Inpatient services (patient specific) (Note 6(m))	Cases			Cases		
Cardiac Sciences	5,330	$ 11,668	$ 62,192	5,239	$ 10,425	$ 54,616
Child Health	9,564	8,745	83,634	9,536	7,841	74,770
Family Health	2,215	7,861	17,412	2,160	7,206	15,566
Geriatrics	1,092	18,058	19,719	1,115	16,343	18,222
Medicine	12,050	8,251	99,428	12,162	7,301	88,797
Mental Health	3,133	8,337	26,120	3,293	7,320	24,106
Neurosciences	2,971	9,889	29,381	3,008	9,143	27,503
Ophthalmology	1,231	1,676	2,063	1,135	1,558	1,768
Rehabilitation	1,101	19,342	21,295	1,038	20,123	20,888
Renal	811	10,095	8,187	792	11,417	9,042
Surgery	21,303	6,318	134,588	20,861	5,761	120,186
Transplants	179	46,134	8,258	176	46,943	8,262
Women's Health	25,108	1,791	44,977	25,559	1,557	39,796
Other	88	2,648	233	68	3,265	222
Total inpatient services	86,176 [1]	$ 6,469	$ 557,487	86,142 [1]	$ 5,848	$ 503,744
Outpatient services (patient specific) (Note 6(m))	Visits			Visits		
Emergency	243,570	$ 234	$ 56,922	248,946	$ 210	$ 52,187
Day surgery	71,848	677	48,643	70,276	664	46,692
Clinic visits	1,115,590	122	136,416	1,110,049	110	122,246
Total outpatient services	1,431,008 [1]	$ 169	$ 241,981	1,429,271 [1]	$ 155	$ 221,125
Total patient specific acute care expenses			$ 799,468			$ 724,869
Non-allocated acute care expenses (Note 6(m))						
Leduc Community Hospital, Sturgeon Community Hospital and Northeast Community Health Centre [1]			47,604			33,086
Family Medicine Clinics			3,575			3,639
Home Peritoneal Dialysis Supplies			2,559			2,620
Outpatient Drugs			14,712			12,981
Pediatric Transport			819			693
Provincial Laboratory			14,271			11,690
Telehealth			282			672
Other costs (organ retrieval costs, accredited surgical facilities, Home Care IV, etc.)			25,380			29,613
Work in progress (Note 6(m))			8,173			1,413
Total acute care expenses			$ 916,843			$ 821,276

[1] Patient-specific costing for the Leduc Community Hospital, Sturgeon Community Hospital and Northeast Community Health Centre is in the process of implementation and will be available for 2001/02. This will result in an increase to reported activities and will impact cost per case/visit.

Schedule 4 (continued)

CAPITAL HEALTH AUTHORITY
COMBINED CONSOLIDATED SCHEDULE OF COSTS OF HEALTH OUTPUTS
FOR YEAR ENDED MARCH 31, 2001

Program	2001 Activity Measure	2001 Average Cost	2001 Total Cost (thousands of dollars)	2000 Activity Measure	2000 Average Cost	2000 Total Cost (thousands of dollars)
Community Health and Continuing Care (Note b(iv))						
Community Rehabilitation	Visits			Visits		
Physiotherapy	238,948	$ 30	$ 7,272	223,027	$ 29	$ 6,470
Speech and language pathology	51,615	87	4,488	Not available		
Student health initiative	6,846	515	3,526	Not available		
Other services (Note b(v))	Not available		2,901	Not available		8,175
			$ 18,187			$ 14,645
	Hours			Hours		
Home Care Services	2,488,104	$ 25	$ 61,440	2,236,421	$ 24	$ 54,271
Continuing Care Services	Client Days			Client Days		
Continuing care facilities	1,570,748	$ 124	$ 195,289	1,526,635	$ 105	$ 160,082
Day programs - CHOICE	101,288	83	8,387	98,550	71	6,972
Day programs - other	32,128	44	1,420	33,280	37	1,216
Palliative care	20,597	249	5,126	20,598	225	4,641
Personal care homes	79,056	90	7,123	74,203	71	5,281
Subacute care	34,344	238	8,180	22,348	201	4,485
Seniors Healthline	Not applicable		-	Not available		518
			$ 225,525			$ 183,195
Prevention, Protection, Promotion and Other Related Services			37,156			37,226
Community Diagnostic Services			37,685			36,541
Total community health and continuing care expenses			$ 379,993			$ 325,870

SUMMARY

	2001	2000
Total acute care expenses	$ 916,843	$ 821,276
Total community health and continuing care expenses	379,993	325,870
Research and education	67,431	63,696
Amortization of facilities and improvements	26,605	25,515
Alberta Department of Health and Wellness - physician fees	303,610	288,052
Total expenses per Combined Consolidated Statement of Operations	$ 1,694,482	$ 1,524,409

Schedule 4 (continued)

CAPITAL HEALTH AUTHORITY
NOTES TO THE COMBINED CONSOLIDATED SCHEDULE OF HEALTH OUTPUTS
MARCH 31, 2001

Note a) Introduction

The Capital Health Authority has prepared Schedule 4 "Combined Consolidated Schedule of Health Outputs" to classify the combined expenses of the Authority and the Caritas Health Group by program and calculate an output unit cost where the expenses can be allocated to patient-specific activities. The information in the schedule was generated by the Authority's costing system from its regional corporate database, in accordance with a methodology that meets the recommendations of Alberta Health & Wellness for patient specific costing. Direct and indirect costs of all clinical services, including staffing, supplies and drugs, are allocated to specific patients based on utilization.

The Authority has not fully implemented its costing system at certain sites (Leduc Community Hospital, Sturgeon Community Hospital and Northeast Health Centre). For certain programs e.g. speech and language pathology, student health initiative, the costing system was not operative for fiscal 2000. For certain other programs e.g. occupational therapy, the costing system was not operative for fiscal 2000 and for fiscal 2001. In these instances, detailed information is not available. Where detailed information is not available, summarized information is provided. The Authority plans to expand the utilization of its costing system to be able to provide and allocate additional patient-specific costs in future years.

The information on costs of health outputs has been prepared as described in the following notes.

Note b) Basis of Presentation

(i) Patient Specific Acute Care Expenses

Inpatient Services comprise inpatient cases based on separations during the period (discharges and deaths) and are grouped under programs. Programs align to standard service codes provided by the Canadian Institute for Health Information (CIHI) with the exception of Child Health Services (which is based on patient age) and Transplants (which is based on procedures performed).

Outpatient Services costs are measured by outpatient visits during the periods, described as:

- Emergency - patients registered as emergency cases;
- Day surgery - patients attending distinct day surgery and day procedure locations;
- Clinic visits - all other outpatient clinic, diagnostic and therapeutic services visits.

Note b) Basis of Presentation (continued)

(i) Patient Specific Acute Care Expenses (continued)

Outpatient visits comprise persons who receive one or more services at a healthcare facility without being admitted as an inpatient. The number of visits consists of the number of patients that registered for emergency, day surgery or clinic visits during the year. Clinic visits counts are based on the Alberta Health and Wellness ambulatory care visit definition.

Average cost per case/visit includes costs that are directly associated with the provision of the services such as staffing, supply and drug as well as indirect and overhead costs but not amortization of the cost of physical facilities.

(ii) Non-Allocated Acute Care Expenses

Patient-specific costing for the Leduc Community Hospital, Sturgeon Community Hospital and Northeast Community Health Centre is in the process of implementation and will be available for 2001/02.

Non-allocated acute care expenses also include the following instances where costs are not associated with an inpatient case or outpatient hospital visit, or where patient-specific costing has not been implemented:

- Family Medicine Clinics at three of the sites with high volume family medicine teaching centres, and relatively small unit costs where patient-specific costing has not been implemented;
- Home Peritoneal Dialysis Supplies reflect supplies consumed in the home and are not associated with specific inpatient or outpatient cases in the costing system;
- Outpatient Drugs, includes high cost drugs consumed by patients, not associated with a specific inpatient or outpatient case (e.g. post-transplant, HIV), as well as other pharmacy expenses;
- Pediatric Transport is the pre-hospitalization transport of children;
- Provincial Laboratory - services not associated with an inpatient or outpatient case such as environmental water testing;
- Telehealth – patient specific costing has not been implemented.

(iii) Work in Progress

Work in Progress reflects the costs of services provided for patients not yet discharged.

Note b) Basis of Presentation (continued)

(iv) Community Health and Continuing Care – Activity Measures

Community Rehabilitation Visits reflect the number of contacts for physiotherapy, speech and language pathology, and student health initiative assessment or intervention funded by the Authority's and Caritas Health Group's community rehabilitation programs.

Home Care Services Hours reflect the number of hours of home care service provided by home care agencies, the operators of residences, the Authority's professional staff, and home care service recipients themselves (i.e. self-managed care).

Continuing Care Client Days reflects the number of days of service for continuing care recipients. For continuing care clients in personal care homes and continuing care facilities including sub-acute and palliative care, client days usually represent 24-hour period. For day programs where clients attend for a number of hours in a day, one client day is counted for each day, regardless of the number of hours of care.

(v) Community Rehabilitation - Other Services

In 2000, other services include speech and language pathology, occupational therapy, respiratory therapy, audiology, aids to daily living, brain injury program and student health initiative. Activity information for these services is not readily available for that year.

In 2001, speech and language pathology, and student health initiative activities were tracked, enabling the costing of these outputs.

PRICEWATERHOUSECOOPERS

Aspen Regional Health Authority #11

Financial Statements
March 31, 2001
(in thousands of dollars)

PRICEWATERHOUSECOOPERS

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June 1, 2001

Auditors' Report

To the Members of
Aspen Regional Health Authority #11 and the Minister of Alberta Health

We have audited the statement of financial position of Aspen Regional Health Authority #11 ("the Authority") as at March 31, 2001 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants

PricewaterhouseCoopers refers to the Canadian firm of PricewaterhouseCoopers LLP and other members of the worldwide PricewaterhouseCoopers organization.

ASPEN REGIONAL HEALTH AUTHORITY #11
FINANCIAL STATEMENTS
MARCH 31, 2001

Statement of Management Responsibility

Statement of Financial Position

Statement of Operations

Statement of Changes in Net Assets

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 – Schedule of Expenses by Object

Schedule 2 – Schedule of Salaries, Honoraria, Benefits, Allowances and Severance

Schedule 3 – Three Year Summary of Revenue and Expenses

ASPEN REGIONAL HEALTH AUTHORITY #11
MANAGEMENT'S RESPONSIBIITY FOR FINANCIAL REPORTING
FINANCIAL STATEMENTS
MARCH 31, 2001

The accompanying financial statements are the responsibility of management and have been approved by the Authority. The financial statements were prepared in accordance with Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgments.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority has established a code of ethics and corporate directives, which require communication of the code to employees.

The Authority members carry out their responsibility for the financial statements through the Finance Committee. This Committee meets with management and the external auditor, PricewaterhouseCoopers LLP to discuss and review financial matters, and recommends the financial statements to the Aspen Health Authority Board for approval. The external auditor has full and free access to the Finance Committee.

The external auditor, PricewaterhouseCoopers LLP, provides an independent audit of the financial statements. Their examination is conducted in accordance with Generally Accepted Auditing Standards and includes tests and other procedures, which allow them to report on the fairness of the financial statements prepared by management.

Chief Executive Officer

Chief Financial Officer

ASPEN REGIONAL HEALTH AUTHORITY #11
STATEMENT OF FINANCIAL POSITION
March 31, 2001
(thousands of dollars)

	2001	2000 (as restated - Note 3)
ASSETS		
Current:		
Cash and temporary investments (Note 4)	10,792	9,707
Accounts receivable	892	644
Contributions receivable	1,763	895
Inventories	540	592
Prepaid expenses	506	373
	14,493	12,211
Non-current cash and investments (Note 5)	9,576	8,305
Capital assets (Note 6)	54,205	53,282
TOTAL ASSETS	78,274	73,798
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable and accrued liabilities	4,505	3,167
Accrued vacation pay	2,962	2,766
Deferred contributions (Note 7)	2,705	2,408
	10,172	8,341
Deferred capital contributions (Note 8)	1,617	1,854
Unamortized external capital contributions (Note 9)	48,803	48,330
	60,592	58,525
Net assets:		
Unrestricted (Note 10)	4,363	2,904
Internally restricted (Note 11)	7,917	7,417
Investment in capital assets	5,402	4,952
	17,682	15,273
TOTAL LIABILITIES AND NET ASSETS	78,274	73,798

The accompanying notes and schedules are part of these financial statements.

Approved on behalf of the Board:

Board Chairman

Chairman - Finance Committee

ASPEN REGIONAL HEALTH AUTHORITY #11
STATEMENT OF OPERATIONS
March 31, 2001
(thousands of dollars)

	2001		2000
	Budget (Note 13)	Actual	Actual (as restated - Note 3)
Revenues			
Alberta Health and Wellness contributions (Note 14)	56,313	56,650	53,938
Other government contributions (Note 15)	1,405	1,513	967
Fees and charges	5,049	5,595	5,195
Ancillary operations, net (Note 16)	(32)	36	(27)
Donations	200	616	241
Investment and other income (Note 17)	1,904	3,606	1,868
Amortization of external capital contributions (Note 9)	2,956	2,588	2,956
	67,795	70,604	65,138
Expenses (Schedule 1)			
Facility-based inpatient acute services	9,175	9,233	8,709
Facility-based emergency and outpatient services	4,072	3,993	3,495
Facility-based continuing care services	11,472	11,120	10,305
Community and home based services	6,279	6,281	5,509
Diagnostic and therapeutic services	11,193	11,230	9,874
Promotion, prevention and protection services	3,024	3,066	2,893
Administration (Note 19)	4,035	4,105	3,931
Information technology and alberta we/ net (Note 20)	748	773	421
Y2K remedial costs	0	0	807
Support services (Note 21)	14,573	16,467	13,960
Amortization of facilities and improvements	2,236	1,853	2,236
	66,807	68,121	62,140
Excess of revenues over expenses	988	2,483	2,998

ASPEN REGIONAL HEALTH AUTHORITY #11
STATEMENT OF CHANGES IN NET ASSETS
March 31, 2001
(thousands of dollars)

	2001				2000
	Operating				(as restated - Note 3)
	Unrestricted (Note 10)	Internally Restricted (Note 11)	Invested in Capital Assets	Total	Total
Excess of revenue over expense	2,483			2,483	2,998
Capital assets purchased with internal funds	(1,256)		1,256	0	0
Amortization on internally funded capital assets	806		(806)	0	0
Capital assets purchased with donated funds	(74)			(74)	(20)
Net change to unrestricted net assets	1,959				
Transfer to Internally restricted	(500)	500			
Balance at beginning of year	2,904	7,417	4,952	15,273	12,295
Balance at end of year	4,363	7,917	5,402	17,682	15,273

ASPEN REGIONAL HEALTH AUTHORITY #11
STATEMENT OF CASH FLOWS
March 31, 2001
(thousands of dollars)

	2001		2000
	Budget	Actual	Actual (as restated - Note 3)
Cash generated from (used by):			
Operating activities			
Excess of revenue over expense	988	2,483	2,998
Non-cash transactions:			
Amortization of capital equipment - internally funded	596	732	566
- externally funded	739	776	718
Amortization of facilities and improvement - internally funded	24	24	24
- externally funded	2,236	1,820	2,224
Loss on disposal of capital assets - internally funded	0	50	30
Loss on disposal of capital assets - externally funded	0	1	25
Amortization of external capital contributions	(2,975)	(2,597)	(2,967)
Gain on disposal of investments	0	(981)	(31)
	1,608	2,308	3,587
Changes in non-cash working capital accounts (Note 22)	(1,513)	634	15
Cash generated by operations	95	2,942	3,602
Investing activities			
Purchase of investments	(13,500)	(12,031)	(14,876)
Purchase of capital assets:			
internally funded - equipment	(750)	(1,256)	(1,167)
- facilities & improvements	0	0	(22)
externally funded - equipment (note 9)	(600)	(769)	(525)
- facilities & improvements (note 9)	(1,254)	(2,301)	(936)
Proceeds on sale of investments	11,000	11,741	14,424
Cash used by investing activities	(5,104)	(4,616)	(3,102)
Financing activities			
Capital contributions received (Note 8)	0	2,759	2,460
Cash generated by financing activities	0	2,759	2,460
Increase(decrease) in cash and temporary investments	(5,009)	1,085	2,960
Cash and temporary investments, beginning of year	9,707	9,707	6,747
Cash and temporary investments, end of year	4,698	10,792	9,707

ASPEN REGIONAL HEALTH AUTHORITY #11
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2001
(thousands of dollars)

1. **Authority, purpose and operations**

The Aspen Regional Health Authority #11 ("the Authority") was established on June 24, 1994 under the authority of the Regional Health Authorities Act, Chapter R-9.07, and Statutes of Alberta, 1994. The Authority is exempt from the payment of income tax and is also a registered charity under the Income Tax Act.

The Authority is responsible for delivering appropriate, accessible and affordable health services in Alberta. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental wellbeing.

The operations of the Authority include the following facilities and sites:

Athabasca Healthcare Centre
Barrhead Healthcare Centre
Boyle Healthcare Centre
Fox Creek Healthcare Centre
Mayerthorpe Healthcare Centre
Swan Hills Healthcare Centre
Westlock Healthcare Centre
Westlock Long Term Care Centre
Whitecourt Healthcare Centre
Aspen Health Services
RHA Central Administration

These financial statements do not include the assets, liabilities and operations of any voluntary or private facilities providing health services in the region. Information on these facilities is disclosed in note 23.

2. **Significant accounting policies and reporting practices**

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles and the reporting requirements of Financial Directive 18 issued by Alberta Health and Wellness. Following are the significant accounting policies:

(a) Basis of Presentation

These financial statements have been prepared using the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year when received or receivable.

ASPEN REGIONAL HEALTH AUTHORITY #11
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2001
(thousands of dollars)

2. **Significant accounting policies and reporting practices (continued)**

(a) Basis of Presentation (continued)

(ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year when related expenses are incurred.

(iii) Externally restricted capital contributions are recorded as deferred contributions until the amount is invested in capital assets. Amounts invested representing externally funded capital assets are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

(iv) Restricted contributions for the purchase of capital assets which will not be amortized are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year it is earned.

(vi) Investment income subject to external restrictions is, depending on the nature of the restrictions, recorded as a direct increase to net assets, or is deferred and recognized as revenue in the year the related expenses are incurred.

(vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(b) Full cost

The Authority accounts for all costs and revenues related to services carried out for which it is responsible.

The fair value of cost of services is recorded. Fair value transactions as recorded consist of the following:

(i) Revenues earned by contract health service operators from Ministry of Health and Wellness designated as fees and charges are recorded as fees and charges of the Authority. An equivalent amount is recorded as contracted health service operator expense of the Authority.

ASPEN REGIONAL HEALTH AUTHORITY #11
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2001
(thousands of dollars)

2. **Significant accounting policies and reporting practices (continued)**

(b) Full cost (continued)

(ii) Payments from Alberta Health and Wellness directly to contracted health service operators for health programs are recorded as revenues and an equivalent amount recorded as program expenses as these payments represent part of the cost of the Authority's health programs.

(iii) The fair value for use of non-acute care facilities not owned by the Authority and provided to the Authority at zero rent is recorded as other government contributions and as program expenses.

(iv) Other assets, supplies and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers contribute a significant amount of time each year to assist the Authority in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenues and expenses in these financial statements because fair value cannot be reasonably determined.

(c) Employee Future Benefits

The Authority participates in the Local Authorities Pension Plan. This is a multi-employer defined benefit pension plan that provide pensions for the Authority's participating employees, based on years of service and earnings.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the authority has insufficient information to apply defined benefit plan accounting.

Pension costs included in these financial statements comprise the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plan. The Authority's portion of the pension plans' deficit or surplus is not recorded by the Authority.

The Authority fully accrues its obligations for employee non-pension future benefits.

ASPEN REGIONAL HEALTH AUTHORITY #11
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2001
(thousands of dollars)

2. **Significant accounting policies and reporting practices (continued)**

(d) Investments

Temporary investments are recorded at lower of cost and market.

Non-current investments are recorded at cost. Cost includes the amount of applicable amortization of discount or premium using the straight-line method over the period to maturity. The cost of disposal is determined on the average cost basis. Gains or losses realized on disposal are recognized in the period of disposal.

Where there has been a loss in value of an investment that is other than a temporary decline, the investment is written down to recognize the loss. The written down value is deemed to be the new cost.

(e) Financial Instruments

The carrying value of accounts receivable, contributions receivable, accounts payable and accrued liabilities approximates their fair value because of the short-term maturities of these items.

(f) Inventories

Inventories are valued at the lower of cost or net realizable value. Cost is defined using a moving average method.

(g) Capital Assets

Capital assets and construction projects in progress are recorded at cost. Capital assets costing less than $5,000 are expensed.

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful Life
Land improvements	5 - 20 years
Buildings	20 - 40 years
Building service equipment	5 - 20 years
Equipment	3 - 15 years

Construction projects in progress are not amortized until the project is complete.

ASPEN REGIONAL HEALTH AUTHORITY #11
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2001
(thousands of dollars)

2. Significant accounting policies and reporting practices (continued)

(h) Trust Funds Received by the Authority for Non-owned Facilities

The Authority receives trust funds from Alberta Infrastructure that are to be paid to operators of non-owned facilities for capital purposes or facility repairs. These amounts are not reflected in these financial statements but are disclosed in note 23.

3. Change in Accounting Policy

Pension obligation

The Authority has changed its method of accounting for its participation in multi-employer defined benefit pension plans. The Authority now records pension expense equivalent to its annual contributions payable during the year. The Authority's portion of the pension plans' deficit or surplus is not recorded by the Authority. This change in accounting policy has been applied retroactively with restatement of comparative amounts. As a result of the change in accounting policy, the Authority's financial statements for the year ended March 31, 2000 have been restated as follows:

	2000		
	As previously stated	Adjustment	As Restated
Net assets as beginning of year	12,046	249	12,295
Net assets at end of year	15,140	133	15,273
Pension liability	133	(133)	-
Excess of revenue over expense	3,114	(116)	2,998

ASPEN REGIONAL HEALTH AUTHORITY #11
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2001
(thousands of dollars)

4. Cash and temporary investments

	2001	2000
	(thousands of dollars)	
Cash	10,561	9,435
Treasury bills	231	272
	10,792	9,707

Treasury bills mature at various dates from July 2001 to August 2001. The effective yield on these securities based on the carrying value at March 31, 2001 is 4.61%.

Cash includes CCITF (Consolidated Cash Investment Trust Fund) funds of $1,328 (2000 - $2,592) to be used for capital upgrading projects.

5. Non-current cash and investments

	2001	2000
	(thousands of dollars)	
Equities	3,038	2,326
Fixed Income	6,538	5,979
	9,576	8,305

The fair value of the non-current cash at March 31, 2001 was $9,933 (2000 - $9,624).

(a) Income and financial returns are exposed to credit and price risks. Credit risk relates to the possibility that a loss may occur from failure by another party to perform according to terms of the contract. Price risk comprises interest rate risk and market risk. Interest rate risk relates to the possibility that investments will change in value with future fluctuations in market interest rates. Market risk relates to the possibility that investments will change in value due to future fluctuations in market prices.

To earn optimal financial returns at an acceptable level of risk, the Board has established a policy regarding asset mix such that no more than 40% of the portfolio will be in equity securities. Risk is reduced through asset class diversification, diversification within each asset class and quality constraints on fixed-income and equity instruments.

ASPEN REGIONAL HEALTH AUTHORITY #11
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2001
(thousands of dollars)

5. **Non-current cash and investments (continued)**

(b) Publicly traded fixed-income instruments are managed with the objective of providing optimal returns while maintaining maximum security of capital. Return is optimized within risk constraints on the portfolio by management of portfolio duration and issuer mix.

Fixed-income securities have an average effective yield of 6.27% for securities maturing between one and twenty-eight years. As at March 31, 2001, the securities have the following term structure based on par:

	%
Under 1 year	0%
1 to 5 years	45%
5 to 10 years	19%
Over 10 years	36%

(c) Equities comprise publicly traded equities. Risk is reduced by prudent security selection and sector rotation.

Non-current cash and investments represent the following:

	2001	2000
	(thousands of dollars)	
Internally restricted for capital purposes	7,917	7,417
Unrestricted long-term investments	1,659	888
	9,576	8,305

ASPEN REGIONAL HEALTH AUTHORITY #11
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2001
(thousands of dollars)

6. **Capital assets**

	2001			2000
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	(thousands of dollars)			
Land	1,837		1,837	1,837
Land improvements	2,090	1,653	437	468
Buildings	70,187	27,357	42,830	41,737
Building service equipment	2,298	1,268	1,030	966
Equipment	16,565	10,774	5,791	5,275
Construction in progress	2,280		2,280	2,999
	95,257	41,052	54,205	53,282

Capital assets have been funded from the following sources:

	2001	2000
	(thousands of dollars)	
Externally funded (unamortized external capital contributions)	48,803	48,330
Internally funded (invested in capital assets)	5,402	4,952
	54,205	53,282

ASPEN REGIONAL HEALTH AUTHORITY #11
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2001
(thousands of dollars)

7. Deferred contributions

	2001	2000
	(thousands of dollars)	
Amounts received:		
Alberta Health and Wellness contributions	922	1,580
Other government contributions		
Alberta Infrastructure - Operating Projects	567	940
Hospitalta Funding Foundation	1,002	0
Fees and charges	51	60
Investments (Note 17)	0	21
Other revenue	38	30
Amounts recognized as revenue:		
Alberta Health and Wellness contributions		
Y2K Project	0	(807)
Healthy Aging Partnership	(250)	0
Health Innovation Projects	(72)	0
Blood Archival Project	(15)	0
Other government contributions		
Hospitalta Funding Foundation	(192)	0
Alberta Infrastructure	(878)	(346)
Fees and charges	(60)	(68)
Investment and other revenue	(52)	(14)
Funds returned	(68)	(15)
Funds transferred to other health authorities	(152)	
Transfer to Deferred Capital Contributions	(544)	(334)
Change during the year	297	1,047
Balance, beginning of year	2,408	1,361
	2,705	2,408

Unspent amounts at end of year are restricted for the following purposes:

	2001	2000
	(thousands of dollars)	
Current		
Alberta Health and Wellness		
Healthy Aging Partnership Initiative	433	683
Health Innovation Projects	1,351	897
Blood Archival Project	35	0
Hospitalta Funding Foundation	459	0
Alberta Infrastructure - Operating Projects	360	738
Long-term care fees received in advance	51	60
Other Projects	16	30
	2,705	2,408

ASPEN REGIONAL HEALTH AUTHORITY #11
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2001
(thousands of dollars)

8. Deferred capital contributions

The deferred capital contributions balance represents amounts accounted for in accordance with accounting policy described in note 2a (iii).

	2001	2000
	(thousands of dollars)	
Amounts received:		
Restricted Alberta Health and Wellness contributions	344	156
Restricted Federal Equipment Funding	725	0
Restricted other government contributions	1,370	2,003
Refund to Alberta Infrastructure	(30)	(33)
Restricted Hospitalta Funding Foundation	350	0
Y2K Funding restricted for capital purposes	0	334
Donations restricted for capital purposes	74	20
	2,833	2,480
Transferred to:		
Unamortized external capital contributions (Note 9)	(3,070)	(1,461)
Change during the year	(237)	1,019
Balance, beginning of year	1,854	835
Balance, end of year	1,617	1,854

Balance at end of year is restricted for the following purposes:

	2001	2000
Betterment of capital assets	1,617	1,854
	1,617	1,854

ASPEN REGIONAL HEALTH AUTHORITY #11
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2001
(thousands of dollars)

9. Unamortized external capital contributions

Unamortized external capital contributions reflect transactions accounted for in accordance with the accounting policy in note 2a (iii). The balance at end of year represents the external capital contribution that will be recognized as revenue in future years.

	2001	2000
	(thousands of dollars)	
Balance at beginning of year	48,330	49,836
Add amounts transferred from deferred capital contributions (Note 8)	3,070	1,461
Less amounts recognized as revenue	(2,588)	(2,956)
Less amounts recognized as revenue and reported in ancillary operations (Note 16)	(9)	(11)
	48,803	48,330

10. Unrestricted and internally restricted net assets

The balance of unrestricted and internally restricted net assets can be analyzed as follows:

	2001	2000
	(thousands of dollars)	
Unrestricted and internally restricted net assets at regionalization - April 1, 1995	3,038	3,038
Changes since regionalization:		
Cumulative operating surplus	12,131	9,648
Invested in capital assets (net of amortization)	(2,694)	(2,244)
Capital assets purchased with donated funds	(195)	(121)
Balance	12,280	10,321
Unrestricted	4,363	2,904
Internally restricted	7,917	7,417
	12,280	10,321

ASPEN REGIONAL HEALTH AUTHORITY #11
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2001
(thousands of dollars)

11. Internally restricted net assets

The Authority has internally restricted the following amounts for:

	2001	2000
	(thousands of dollars)	
Future capital expenditures	7,917	7,417
	7,917	7,417

12. Contingencies

The Authority has been named as a defendant in an arbitration case involving a private health service operator. The request for arbitration alleges that additional funding is due from the Authority. Management feels that the claim is without merit, however, the likelihood of loss is not determinable at this time. Any settlement that may occur would be accounted for as a charge against current years earnings at the time of settlement.

ASPEN REGIONAL HEALTH AUTHORITY #11
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2001
(thousands of dollars)

13. Budget

	Approved Budget (1)	Additional Funding (2)	Adjustments	Reported Budget
		(thousands of dollars)		
Revenue:				
Alberta Health and Wellness contributions	55,217	1,096		56,313
Other government contributions	1,405			1,405
Fees and charges	5,049			5,049
Net ancillary operations	(32)			(32)
Donations	200			200
Investment and other revenue	1,904			1,904
Amortization of deferred capital contributions	2,956			2,956
	66,699	1,096	0	67,795
Expenses:				
Facility-based inpatient services	9,025	150		9,175
Facility-based emergency and outpatient services	4,072			4,072
Facility-based continuing care services	11,472			11,472
Community and home based services	6,279			6,279
Diagnostic and therapeutic services	10,397	796		11,193
Promotion, prevention and protection services	3,024			3,024
Administration	4,035			4,035
Information technology and wellnet	598	150		748
Y2K remedial costs	0			0
Support services	14,573			14,573
Amortization of facilities and improvements	2,236			2,236
	65,711	1,096	0	66,807
Excess(deficiency) of revenue over expense	988	0	0	988

(1) The budget was approved by the Board of the Authority on March 23, 2000 and approved by the Minister of Health and Wellness.

(2) On May 31, 2000, September 28, 2000, January 9, 2001, February 9, 2001 and March 31, 2001 the Minister of Health and Wellness provided additional funding. These additional resources were allocated by the Board to address funding requirements.

ASPEN REGIONAL HEALTH AUTHORITY #11
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2001
(thousands of dollars)

14. Alberta Health and Wellness contributions

	Budget	2001	2000
		(thousands of dollars)	
Unrestricted contributions	55,995	55,995	52,781
Restricted contributions made directly by Alberta Health and Wellness to contracted health service operators	318	318	350
Other contributions			
Y2K Funding	0	0	807
Health Innovation Funding	0	72	0
Healthy Aging Partnership Initiatives	0	250	0
Blood Archival Project	0	15	0
	56,313	56,650	53,938

15. Other government contributions

	Budget	2001	2000
		(thousands of dollars)	
Alberta Infrastructure - operating projects	758	878	346
Fair value of rent less rent charges for non-acute care facilities used by the Authority	234	195	237
Funding for special programs provided by:			
Alberta Mental Health Board	413	440	384
	1,405	1,513	967

ASPEN REGIONAL HEALTH AUTHORITY #11
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2001
(thousands of dollars)

16. Ancillary operations

	2001				2000
	Budget	Non-patient Food Service Operations	Other	Total	Total
			(thousands of dollars)		
Revenue					
Revenue	480	410	102	512	481
Amortization of deferred capital contributions	11	9		9	11
	491	419	102	521	492
Expenses					
Other expenses	507	452	21	473	503
Amortization	16	12		12	16
	523	464	21	485	519
Excess (deficiency) of revenue over direct expenses 2000-01	(32)	(45)	81	36	(27)
Excess (deficiency) of revenue over direct expenses 1999-00	(100)	(91)	64	(27)	(27)

17. Investment and other income

	Budget	2001	2000
		(thousands of dollars)	
Other unrestricted investment income	800	2,040	757
Less: investment income subject to restrictions and transferred to deferred contributions (Note 7)		0	(21)
Other income	1,104	1,566	1,132
	1,904	3,606	1,868

Investment income comprises interest, dividends, amortization of discount and premiums, and net gains on disposals of investments.

Other income comprises recoveries from sources external to the Health Authority for salary and supplies, WCB compensation, laundry recoveries and other miscellaneous revenues.

ASPEN REGIONAL HEALTH AUTHORITY #11
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2001
(thousands of dollars)

18. Facility-based continuing care services

Facility-based continuing care services include expenses associated with the Healthy Aging Partnership Initiative (HAPI) of $250.

19. Administration

	Budget	2001	2000
		(thousands of dollars)	
General administration	2,126	2,247	2,179
Finance	1,142	1,035	1,037
Personnel	264	300	198
Administration - contract operators	503	523	517
	4,035	4,105	3,931

20. Information technology and alberta we//net

	Budget	2001	2000
		(thousands of dollars)	
alberta we//net	64	57	64
Information systems support	684	716	357
	748	773	421

During 2001 the Authority contributed $236 towards the alberta we//net initiative (2000 - $241). Of these contributions, $179 have been capitalized and $57 have been expensed. An additional $151 (2000 - $156) relating to Alberta Health and Wellness' contributions to alberta we//net, to match the Authority's contribution, was capitalized during the year. The authority recorded a corresponding increase in unamortized external capital contributions for $151.

alberta we//net is the province-wide, strategic initiative to build a health information network. The initiative brings together a broad spectrum of health professionals into multi-disciplinary teams to put information technology to work to improve health service delivery to all Albertans. alberta we//net brings together doctors, nurses, regional health authorities, pharmacists, the Alberta Cancer Board, the Alberta Mental Health Board, universities and faculties of medicine, a national health information institute and Alberta Health and Wellness in the planning and implementation of the network.

The Authority's contribution has been applied towards planning and pre-development activities that will produce clinical and administrative deliverables beginning in 2000-2001, or to develop applications to support we//net initiatives.

ASPEN REGIONAL HEALTH AUTHORITY #11
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2001
(thousands of dollars)

21. Support services

	Budget	2001	2000
		(thousands of dollars)	
Building maintenance, operations and security	4,336	5,304	4,279
Education	280	252	124
Housekeeping	1,563	1,579	1,566
Laundry and Linen	814	830	736
Materials management	882	887	866
Patient food services	2,962	2,921	2,760
Patient health records	1,050	1,126	803
Patient registration	679	629	627
Patient transportation	832	1,122	901
Support services - contract operators	1,175	1,817	1,298
	14,573	16,467	13,960

22. Changes in non-cash working capital accounts

	2001	2000
	(thousands of dollars)	
Accounts receivable	(248)	(87)
Contributions receivable	(868)	(895)
Inventories	52	11
Prepaid expenses	(133)	(167)
Accounts Payable	1,338	(177)
Accrued vacation pay	196	283
Current portion of deferred contributions	297	1,047
	634	15

ASPEN REGIONAL HEALTH AUTHORITY #11
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2000
(thousands of dollars)

23. Related parties

(a) Province of Alberta

The Authority is established under the Regional Health Authorities Act. The Minister of Health appoints the members of the Authority. Transactions between the Authority and the Province are disclosed in the statement of operations and notes 7, 8, 13 and 14 to the financial statements.

(b) Contracted Health Service Operators

The Authority contracts with private health operators to provide health services in the Region. The health service operators and the amount of the contracted health services in the year are as follows:

	2001				2000
	Direct Authority Funding	Approved Patient Fees and Charges	Full Cost Adjustments	Total	Total
			(thousands of dollars)		
Extendicare - Athabasca	1,484	493	160	2,137	2,072
Extendicare - Mayerthorpe	1,501	480	159	2,140	2,146
Guardian Foundation					
-Aspen House Morinville	826	497		1,323	732
	3,811	1,470	319	5,600	4,950

Reported in the following expense categories

	2001	2000
Facility based continuing care services	2,888	2,674
Community and home based services	0	52
Diagnostic and therapeutic services	372	409
Support Services	1,817	1,298
Administration	523	517
	5,600	4,950

ASPEN REGIONAL HEALTH AUTHORITY #11
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2001
(thousands of dollars)

24. **Pension Costs**

The Authority participates in the Local Authorities Pension Plan which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equivalent to the Authority's annual contributions payable of $1,261 for the year ended March 31, 2001 (2000 - $1,154).

At December 31, 2000, the Local Authorities Pension Plan reported a surplus of $883,823 (1999 $880,358).

25. **Subsequent Events**

Subsequent to the year end, the health authority boundaries were realigned by the Minister of Health and Wellness pursuant to Minister's Order #54/2001 and #86/2001. This results in an increase in the geographic size of the region. The operations of the Fox Creek Healthcare Centre will be transferred to the Mistahia Regional Health Authority. The operations of the Redwater Health Centre, Redwater Health Unit and Radway Health Centre will be transferred to the Authority from the Lakeland Regional Health Authority. As at June 1, 2001 no formal settlement has been agreed upon by the respective parties. The estimated effect for the 2001/2002 fiscal year cannot be determined at this time.

26. **Trust funds**

The authority receives funds in trust from Alberta Infrastructure for non-owned facilities for capital purposes and facility repairs. These amounts are not reported in these financial statements.

At the beginning of the year, the Authority held $20 and disbursed $20 for capital and facility repairs for non-owned facilities. At the beginning of the year, the Authority held $4 for the audiology equipment program. The Authority disbursed $4 during the year. No funds in trust are held at the end of the year.

27. **Comparative figures**

Certain 2000 figures have been reclassified to conform to the 2001 presentation.

28. **Approval of financial statements**

These financial statements have been approved by the Authority.

Schedule 1

ASPEN REGIONAL HEALTH AUTHORITY #11
SCHEDULE OF EXPENSES BY OBJECT
March 31, 2001
(thousands of dollars)

	Budget	2001	2000 (as restated - Note 3)
Salaries, benefits, allowances and severance (Schedule 2)	42,885	42,996	39,594
Contracts with health service operators (Note 23)	5,201	5,600	4,950
Drugs, gases, medical and surgical supplies	2,295	2,327	2,147
Consulting services	1,039	1,162	904
Other	12,339	13,151	11,477
Amortization:			
Capital equipment - internally funded	596	732	566
Capital equipment - externally funded	739	776	718
Facilities and improvements - internally funded	24	24	24
Facilities and improvements - externally funded	2,212	1,820	2,224
Net loss on disposal	0	18	55
	67,330	68,606	62,659
Less amounts reported in ancillary operations (Note 16)	(523)	(485)	(519)
	66,807	68,121	62,140

Schedule 2

ASPEN REGIONAL HEALTH AUTHORITY #11
SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE
MARCH 31, 2001
(thousands of dollars)

	2001							2000 (as restated)			
					Severance						
	Number of Individuals (1)	Salaries and Honoraria (2)	Benefits and Allowances (3)	Sub-total	Number of Individuals	Amount	Total	Number of Individuals (1)	Salaries Benefits Honoraria (2)	Severance	Total
Authority Board Compensation											
RHA Chairperson – Robert Jackson		26		26			26		18		18
RHA Vice Chairperson – Judy Kidd		[illegible]		[illegible]			[illegible]		[illegible]		[illegible]
Ted Code		3		3			3		2		2
June Conrad		8		8			8		4		4
Jean De Champlain		4		4			4		4		4
Dorothy Greenwood		5		5			5		[illegible]		[illegible]
Dale Johnson		[illegible]		[illegible]			[illegible]		[illegible]		[illegible]
Raymond Kelly		4		4			4		[illegible]		[illegible]
William Koziow		[illegible]		[illegible]			[illegible]		[illegible]		[illegible]
Robert Lee		4		4			4		2		2
Robert Menefield		[illegible]		[illegible]			[illegible]		[illegible]		[illegible]
Shirley Moro		[illegible]		[illegible]			[illegible]		[illegible]		[illegible]
Gary Pollock		[illegible]		[illegible]			[illegible]		[illegible]		[illegible]
Ross Quinn		[illegible]		[illegible]			[illegible]		[illegible]		[illegible]
Doris Splane		4		4			4		4		4
Total honoraria		83		83			83		65		65
Staff											
Chief Executive Officer	1.0	141	16	157			157	1.1	144		144
Medical Officer(s) or other management personnel directly reporting to the Chairperson or RHA members (by position)											
Chief of Medical Staff		11		11			11		17		17
Medical Officer of Health	0.6	85		85			85	0.6	84		84
Management personnel reporting to the CEO											
Area Program Managers	4.1	344	42	386	1.0	138	524	4.5	417		417
Chief Financial Officer	1.0	81	9	90			90	1.0	80		80
Other management personnel reporting to those above (avg. 2001 $77,974; avg. 2000 $69,195) (excluding severance)	19.8	1,351	194	1,545			1,545	18.6	1,284		1,284
Other management personnel (avg. 2000 $59,663; avg. 2000 $52,114) (excluding severance)	18.4	963	135	1,098	1.0	3	1,101	19.6	1,022		1,022
Registered nurses not included above (avg. 2001 $54,663; avg. 2000 $50,350) (excluding severance)	308.4	14,724	2,135	16,859			16,859	318.4	16,033		16,033
Other health technical and professionals (avg. 2001 $61,040; avg. 2000 $53,724) (excluding severance)	129.1	6,897	954	7,851			7,851	127.8	6,867		6,867
Unregulated health service providers (avg. 2001 $29,879; avg. 2000 $27,231) (excluding severance)	159.7	4,177	595	4,772			4,772	161.5	4,396		4,396
Other staff (avg. 2001 $32,195; avg. 2000 $30,650) (excluding severance)	307.1	8,633	1,255	9,888			9,888	290.2	9,136	38	9,174
	949.2	37,490	5,365	42,855	2.0	141	42,996	954.6	39,866	38	39,904

SCHEDULE 2 (CONTINUED)

ASPEN REGIONAL HEALTH AUTHORITY #11
SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCES
MARCH 31, 2001
(thousands of dollars)

(1) The average number of individuals is calculated based on a weighted average number of individuals occupying a category or position for the year based on a standard work year. The standard year is 2,022.75 hours for all employees except those who are part of the United Nurses of Alberta employment contract where a year is based on 1,920 hours and employees of Aspen Health Services where a year is based on 1,827 hours.

Total actual discrete number of individuals employed: 2001 – 1,382; 2000 – 1,380.

(2) Salaries include regular base pay, overtime, lump sum payments, honoraria and any other direct cash remuneration including sick leave, short-term disability and vacation.

(3) Benefits and allowances include the employers share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, out of country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, unemployment insurance, workers compensation and vehicle benefits.

(4) Severance includes all monies paid directly or on behalf of an employee upon termination which are not included in salaries and benefits.

(5) The total amount is reported in the following schedules:

Note 16 – Ancillary Operations	$279
Schedule 1 – Expenses by Object	$42,996

Schedule 3

ASPEN REGIONAL HEALTH AUTHORITY #11
THREE YEAR SUMMARY OF REVENUE AND EXPENSES

(thousands of dollars)

	Actual		
	2001	2000 (as restated - Note 3)	1999
Revenues:			
Alberta Health and Wellness contributions	56,650	53,938	47,447
Other government contributions	1,513	967	862
Fees and charges	5,595	5,195	4,822
Ancillary operations, net	36	(27)	(114)
Donations	616	241	217
Investment and other income	3,606	1,868	1,201
Amortization of external capital contributions	2,588	2,956	3,102
	70,604	65,138	57,537
Expenses:			
Facility based inpatient acute services	9,233	8,709	8,694
Facility based emergency and outpatient services	3,993	3,495	3,144
Facility based continuing care services	11,120	10,305	9,377
Community and home based services	6,281	5,509	5,035
Diagnostic and therapeutic services	11,230	9,874	9,049
Promotion, prevention and protection services	3,066	2,893	2,603
Administration	4,105	3,931	4,036
Information technology and web/net	773	421	292
Y2K remedial costs	0	807	799
Support services	16,467	13,960	12,741
Amortization of facilities and improvements	1,853	2,236	1,954
	68,121	62,140	57,724
Excess(deficiency) of revenue over expense	2,483	2,998	(187)

Lakeland Regional Health Authority

Financial Statements

March 31, 2001

LAKELAND REGIONAL HEALTH AUTHORITY

FINANCIAL STATEMENTS

MARCH 31, 2001

Management's Responsibility for Financial Reporting

Auditor's Report

Statement of Financial Position

Statement of Operations

Statement of Changes in Net Assets

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 - Schedule of Expenses by Object

Schedule 2 - Schedule of Salaries, Honoraria, Benefits, Allowances and Severance

Schedule 3 - Three year Summary of Revenues and Expenses

LAKELAND REGIONAL HEALTH AUTHORITY
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
FINANCIAL STATEMENTS
MARCH 31, 2001

The accompanying financial statements are the responsibility of management and have been approved by the Authority. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgements.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority has established a code of ethics and corporate directives, which require communication of the code to employees.

The Authority members carry out their responsibility for the financial statements through the Finance Committee. This Committee meets with management and the external auditor, the Auditor General of Alberta, to discuss and review financial matters, and recommends the financial statements to the Lakeland Regional Health Authority Board for approval. The external auditor has full and free access to the Finance Committee.

The Auditor General of Alberta provides an independent audit of the financial statements. His examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and other procedures, which allows him to report on the fairness of the financial statements prepared by management.

Pearl Babiuk
Chief Executive Officer

C Campton
Celine Campton
Corporate Finance Officer

AUDITOR
GENERAL
Alberta

AUDITOR'S REPORT

To the Members Lakeland Regional Health Authority
and the Minister of Health and Wellness

I have audited the statement of financial position of the Lakeland Regional Health Authority ("the Authority") as at March 31, 2001 and the statements of operations, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2001 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Peter Valentine FCA
Auditor General

Edmonton, Alberta
May 25, 2001

LAKELAND REGIONAL HEALTH AUTHORITY
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2001
(thousands of dollars)

	2001	2000 (as restated) (Note 3)
ASSETS		
Current:		
Cash (Note 4)	$ 9,416	$ 13,600
Accounts receivable	890	637
Contributions receivable	1,445	1,061
Inventories	853	857
Prepaid expenses	332	337
	12,936	16,492
Non-current cash and investments (Note 5)	5,852	1,671
Capital assets (Note 6)	63,042	63,135
	68,894	64,806
	$ 81,830	$ 81,298
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable	$ 7,337	$ 5,861
Accrued vacation pay	3,699	3,197
Deferred contributions (Note 7)	1,382	2,475
Current portion of long-term debt (Note 9)	49	1,290
	12,467	12,823
Deferred capital contributions (Note 8)	1,768	1,671
Long-term debt (Note 9)	36	85
Unamortized external capital contributions (Note 10)	56,563	57,898
	58,367	59,654
Net Assets:		
Unrestricted (Note 11)	4,602	4,959
Investment in capital assets	6,394	3,862
	10,996	8,821
	$ 81,830	$ 81,298

Commitments (Note 12)
Contingency (Note 25)

The accompanying notes and schedules are part of these financial statements.

LAKELAND REGIONAL HEALTH AUTHORITY
STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2001
(thousands of dollars)

	2001		2000
	Budget (Note 13)	Actual	Actual (as restated) (Note 3)
Revenues:			
Alberta Health and Wellness contributions (Note 14)	$ 102,156	$ 102,392	$ 96,917
Other government contributions (Note 15)	3,848	3,590	2,454
Fees and charges	9,606	10,404	9,543
Ancillary operations, net (Note 16)	-	(4)	(35)
Donations	-	533	410
Investment and other income (Note 17)	1,688	2,393	1,694
Amortization of external capital contributions (Note 10)	4,595	3,984	4,653
	121,893	123,292	115,636
Expenses (Schedule 1):			
Facility based inpatient acute services	18,334	18,611	16,545
Facility based emergency and outpatient services	6,646	6,351	6,007
Facility based continuing care services	22,849	24,381	21,785
Community and home based services	9,375	9,262	8,028
Diagnostic and therapeutic services	20,211	21,106	18,334
Promotion, prevention and protection services	6,285	6,143	5,304
Education	595	-	-
Administration (Note 19)	5,189	5,169	5,708
Information technology and we//net (Note 20)	1,847	1,547	1,306
Y2K remedial costs	450	37	1,913
Support services (Note 21)	23,506	25,258	22,717
Amortization of facilities and improvements	3,255	3,252	4,036
	118,542	121,117	111,683
Excess of revenues over expenses	$ 3,351	$ 2,175	$ 3,953

The accompanying notes and schedules are part of these financial statements.

LAKELAND REGIONAL HEALTH AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2001
(thousands of dollars)

	2001			2000 *(as restated) (Note 3)*
	Unrestricted	Investment in Capital Assets	Total	Total
Excess of revenues over expenses	$ 2,175	$ -	$ 2,175	$ 3,953
Capital assets purchased with internal funds	(2,140)	2,140	-	-
Amortization on internally funded capital assets	856	(856)	-	-
Disposal of internally funded capital assets	42	(42)	-	-
Repayment of long-term debt used to fund capital assets	(1,290)	1,290	-	-
Balance at beginning of year as restated (Note 3)	4,959	3,862	8,821	4,868
Balance at end of year	$ 4,602	$ 6,394	$ 10,996	$ 8,821

The accompanying notes and schedules are part of these financial statements.

LAKELAND REGIONAL HEALTH AUTHORITY
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2001
(thousands of dollars)

	2001 Budget	2001 Actual	2000 Actual *(as (Note 3)*
Cash generated from (used by):			
Operating activities:			
Excess of revenues over expenses	$ 3,351	$ 2,175	$ 3,953
Non-cash transactions:			
Amortization of capital assets - internally funded equipment	725	856	691
Amortization of capital assets - externally funded equipment	1,340	732	472
Amortization of capital assets - externally funded facilities & improvements	3,255	3,252	4,036
Amortization of external capital contributions	(4,595)	(3,984)	(4,653)
Loss(Gain) on disposal of capital assets - externally funded	-	(29)	82
Loss(Gain) on disposal of capital assets - internally funded	-	13	(2)
	4,076	3,015	4,579
Change in non-cash working capital accounts (Note 22)	(4,584)	257	(1,142)
Cash generated (used) by operating activities	(508)	3,272	3,437
Investing activities:			
Purchase of capital assets:			
Internally funded equipment	(2,140)	(2,140)	(1,044)
Externally funded buildings (Note 8)	(1,000)	(860)	(790)
Externally funded equipment (Note 8)	(585)	(1,789)	(1,661)
Allocations to non-current cash and investments	612	(4,181)	(503)
Proceeds on sale of capital assets	-	58	103
Cash used by investing activities	(3,113)	(8,912)	(3,895)
Financing activities:			
Capital contributions received (Note 8)	344	2,746	2,954
Principal payments on long-term debt	(49)	(1,290)	(69)
Cash generated from financing activities	295	1,456	2,885
Increase (decrease) in cash	(3,326)	(4,184)	2,427
Cash, beginning of year	13,600	13,600	11,173
Cash, end of year	$ 10,274	$ 9,416	$ 13,600

The accompanying notes and schedules are part of these financial statements.

LAKELAND REGIONAL HEALTH AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2001

(thousands of dollars)

Note 1 Authority, Purpose and Operations

Lakeland Regional Health Authority (the "Authority") was established on June 24, 1994 under the authority of the Regional Health Authorities Act, Chapter R-9.07, Statutes of Alberta, 1994. The Authority is a registered charity under the Income Tax Act and is exempt from payment of income tax.

The Authority is responsible for the delivery of appropriate, accessible and affordable health services in the region. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental wellbeing.

The operations of the Authority include the following facilities and sites:

Hospital Services
Acute care services are provided at the following facilities:

- Cold Lake Health Centre
- Elk Point Health Centre
- Fort Saskatchewan Health Centre
- George McDougall Health Centre (Smoky Lake)
- Redwater Health Centre
- St. Therese Health Centre (St. Paul)
- Two Hills Health Centre
- William J. Cadzow Health Centre (Lac La Biche)
- Other voluntary facilities providing acute care services

Community Health Services
Community health services are provided through the community health component of the facilities listed above and at the following dedicated community health centres:

- Myrnam Health Centre
- Glendon Health Centre
- Our Lady's Health Centre (Vilna)
- Other voluntary facilities providing community health services

Note 1 Authority, Purpose and Operations (continued)

Continuing Care (Long-Term Care)
Continuing care services are provided through the community health component of the Elk Point Health Centre, George McDougall Health Centre, Cold Lake Health Centre, St. Therese Health Centre, Two Hills Health Centre, William J. Cadzow Health Centre and at the following dedicated continuing care centres:

- Radway Health Centre
- Vegreville Long-Term Care Centre
- Other voluntary and private continuing care centres

Public Health
Public Health services are provided at the following health units:

- Andrew Health Unit (branch office)
- Bonnyville Health Unit
- Elizabeth Metis Settlement Health Unit (branch office)
- Elk Point Health Unit
- Fishing Lake Metis Settlement Health Unit (branch office)
- Fort Saskatchewan Health Unit
- Gibbons Health Unit (branch office)
- Glendon Health Unit (branch office)
- Grande Centre Health Unit
- Lac La Biche Health Unit
- Lamont Health Unit
- Redwater Health Unit
- Smoky Lake Health Unit
- St. Paul Health Unit
- Two Hills Health Unit
- Thorhild Health Unit (branch office)
- Vegreville Health Unit
- Vilna Health Unit (branch office)
- Other community organizations

These financial statements do not include the assets, liabilities, and operations of voluntary or private facilities providing health care services in the region. Information on these facilities is disclosed in Note 23(b).

Note 2 Significant Accounting Policies and Reporting Practices

These financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Financial Directive 18 issued by Alberta Health and Wellness. Following are the significant accounting policies:

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(a) Revenue Recognition

These financial statements have been prepared using the deferral method, the key elements of which are:

i. Unrestricted operating grants and other contributions are recognized as revenue in the year they become receivable.

ii. Externally restricted non-capital contributions are deferred and recognized as revenue in the year when related expenses are incurred.

iii. Externally restricted capital contributions are recorded as deferred capital contributions until they are invested in capital assets. Amounts invested representing externally funded capital assets are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

iv. Restricted contributions for the purchase of capital assets which will not be amortized are recorded as direct increases to net assets.

v. Unrestricted investment income is recognized in the year it is earned.

vi. Investment income subject to external restrictions is, depending on the nature of the restrictions, recorded as a direct increase to net assets, or is deferred and recognized as revenue in the year the related expenses are incurred.

vii. Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(b) Full Cost

The Authority accounts for all costs and revenues related to services carried out for which it is responsible.

The fair value of costs of services is recorded. Fair value transactions as recorded consist of the following:

i. Revenues earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as fees and charges of the Authority. An equivalent amount is recorded as contracted health service operator expense of the Authority.

ii. Payments made by Alberta Health and Wellness directly to contracted health service operators for health programs are recorded as revenue and an equivalent amount recorded as program expenses as these payments represent part of the cost of the Authority's health programs.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

iii. The fair value for use of acute care facilities not owned by the Authority is recorded as revenue from other government contributions or from donations, and also recorded as program expense, since contract payments from the Authority do not include an amount for the use of these facilities.

iv. The fair value for use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expenses.

v. Other assets, supplies and service contributions that would otherwise have been purchased are recorded as revenues and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers contribute a significant amount of time each year to assist the Authority in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenue and expense in the financial statements because fair value cannot be reasonably determined.

(c) Employee Future Benefits

The Authority participates in the Local Authorities Pension Plan. This is a multi-employer defined benefit pension plan that provides pensions for the Authority's participating employees, based on years of service and earnings.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Authority has insufficient information to apply defined benefit plan accounting.

Pension costs included in these financial statements comprise the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plan. The Authority's portion of the pension plan's deficit or surplus is not recorded by the Authority.

The Authority fully accrues its obligations for employee non-pension future benefits.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(d) Investments

Temporary investments are recorded at lower of cost and market.

Non-current investments are recorded at cost. Cost includes the amount of applicable amortization of discount or premium using the straight-line method over the period of maturity. The cost of disposal is determined on the average cost basis. Gains or losses realized are recognized in the period of disposal.

Where there has been a loss in the value of an investment other than a temporary decline, the investment is written down to recognize the loss. The written down value is deemed to be the new cost.

(e) Financial Instruments

The carrying value of cash, accounts receivable, contributions receivable, accounts payable and accrued vacation pay approximates their fair value because of the short-term maturity of these items.

The carrying value of long-term debt and obligations under capital leases approximates its fair value because the interest rates approximate market value.

(f) Inventories

Inventories are valued at the lower of cost and replacement cost.

(g) Capital Assets

Capital assets and construction projects in progress are recorded at cost. Capital assets costing less than $5 are expensed.

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful Life
Land improvements	10-20 years
Buildings	20-40 years
Building service systems	10-20 years
Furniture and equipment	5-20 years
Equipment under capital leases	5 years
Vehicles	5 years
Leasehold improvements	lease term plus one renewal period

Construction projects in progress are not amortized until the project is complete.

Leases transferring substantially all of the benefits and risks of ownership of capital assets to the Authority are accounted for as acquisitions of capital assets financed by long-term obligations.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(h) Restructuring Costs

Restructuring costs are charged to expenses in the period the decision to restructure is made. If the actual costs are not known at the time of the decision, then an estimate is recorded.

(i) Trust Funds Received by the Authority for Non-owned Facilities

The Authority receives trust funds from Alberta Infrastructure that are to be paid to operators of non-owned facilities for capital purposes or facility repairs. These amounts are not reflected in these financial statements but are disclosed in Note 27.

Note 3 Changes in Accounting Policy

Pension Obligation

The Authority has changed its method of accounting for its participation in multi-employer defined benefit pension plans. The Authority now records pension expense equivalent to its annual contributions payable during the year. The Authority's portion of the pension plans' deficit or surplus is not recorded by the Authority. This change in accounting policy has been applied retroactively with restatement of comparative amounts. As a result of the change in accounting policy, the Authority's financial statements for the year ended March 31, 2000 have been restated as follows:

	2000 (thousands of dollars)		
	As previously stated	Adjustment	As restated
Net assets at beginning of year	$ 4,556	$ 312	$ 4,868
Net assets at end of year	$ 8,636	$ 185	$ 8,821
Pension liability	$ 185	$ (185)	$ -
Excess of revenue over expense	$ 4,080	$ (127)	$ 3,953

Note 4 Cash

	2001	2000
	(thousands of dollars)	
Cash and investments	$ 15,268	$ 15,271
Less non-current cash and investments	(5,852)	(1,671)
Current cash	$ 9,416	$ 13,600

Note 5 Non-Current Cash and Investments

	2001	2000
	(thousands of dollars)	
Cash	$ 1,768	$ 1,671
Money market securites	42	-
Bonds	1,093	-
Equities (current market value - $812)	887	-
Guaranteed investment certificates	2,062	-
Non-current cash and investments	$ 5,852	$ 1,671

i. Income and financial returns are exposed to credit and price risks. Credit risk relates to the possibility that a loss may occur when another party fails to perform according to terms of the contract. Price risk comprises interest rate risk and market risk. Interest rate risk relates to the possibility that investments will change in value with future fluctuations in market interest rates. Market risk relates to the possibility that investments will change in value due to fluctuations in market prices.

To earn optimal financial returns at an acceptable level of risk, management has established a policy asset mix of 60% to 100% of fixed-income instruments and 0% to 40% equities. Risk is reduced through asset class diversification, diversification within each asset class and quality constraints on fixed-income and equity instruments.

ii. Publicly traded fixed-income instruments are managed with the objective of providing optimal returns while maintaining maximum security of capital. Return is optimized within risk constraints on the portfolio by management of portfolio duration and issuer mix.

Fixed-income securities, such as bonds and guaranteed investment certificates, have an average effective yield of 5.98% per annum based on the market for securities maturing between 2 and 3 years. As at March 31, 2001, the securities have a 2 to 3 year term structure.

Note 5 Non-Current Cash and Investments (continued)

iii. Equities are comprised of publicly traded equities. Risk is reduced by prudent security selection and sector rotation.

iv. The carrying value of these securities has not been written down to market value because management has concluded, based on review of market information for the securities, that there is no obvious indication of material impairment that is other than temporary.

Non-current cash and investments represents the following:

	2001	2000
	(thousands of dollars)	
Externally restricted for capital acquisitions	$ 1,768	$ 1,671
Non-current investments	4,084	-
Non-current cash and investments	$ 5,852	$ 1,671

Note 6 Capital Assets

	2001			2000
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	(thousands of dollars)			
Land	$ 597	$ -	$ 597	$ 639
Land improvements	1,790	1,125	665	712
Buildings	97,716	47,612	50,104	52,600
Building service systems	9,933	8,216	1,717	1,630
Furniture and equipment	25,123	17,808	7,315	5,995
Equipment under capital leases	224	129	95	134
Vehicles	814	531	283	64
Leasehold improvements	260	105	155	-
Construction in progress	2,111	-	2,111	1,361
	$ 138,568	$ 75,526	$ 63,042	$ 63,135

Capital assets have been funded from the following sources:

	2001	2000
	(thousands of dollars)	
Externally funded (unamortized external capital contributions)	$ 56,563	$ 57,898
Long-term debt	85	1,375
Internally funded (invested in capital assets)	6,394	3,862
	$ 63,042	$ 63,135

Note 7 Deferred Contributions

	2001	2000
	(thousands of dollars)	
Amounts received:		
Alberta Health and Wellness contributions -Healthy Aging	$ -	$ 997
Alberta Health and Wellness contributions -Y2K	-	277
Alberta Health and Wellness contributions -Health Innovation Fund	279	577
Alberta Health and Wellness contributions - Archival Blood Review	70	-
Other government contributions	83	186
Donations	102	80
Investment income and other income	27	48
	561	2,165
Amounts refunded to source	(89)	-
Amounts transferred to deferred capital contributions (Note 8)	(37)	(485)
	(126)	(485)
Amounts recognized as revenue:		
Other Government Contributions (Note 15)	(88)	(237)
Alberta Health and Wellness contributions -Y2K (Note 14)	(37)	(1,912)
Alberta Health and Wellness contributions -Healthy Aging (Note 14)	(979)	-
Alberta Health and Wellness contributions -Health Innovations (Note 14)	(335)	-
Donations	(78)	-
Investment and other revenue	(11)	(33)
	(1,528)	(2,182)
Change during the year	(1,093)	(502)
Balance, beginning of year	2,475	2,977
	$ 1,382	$ 2,475

	2001	2000
Unspent amounts at year end are restricted for the following purposes:		
Current:		
Alberta Health and Wellness -Healthy Aging	$ 18	$ 997
Alberta Health and Wellness -Health Innovation Fund	521	577
Alberta Health and Wellness -Information System upgrades	609	630
Alberta Health and Wellness -Archival Blood Review	70	-
Primary Care Program	8	102
Other	156	169
	$ 1,382	$ 2,475

Note 8 Deferred Capital Contributions

	2001	2000
	(thousands of dollars)	
Amounts received:		
Alberta Health and Wellness contributions - Capital equipment	$ 1,534	$ 205
Alberta Health and Wellness contributions - Lottery funds for capital equipment	-	260
Other government contributions	551	1,887
Telehealth	585	-
Donations	16	67
Investments and other revenue	23	50
Transferred from deferred contributions (Note 7)	37	485
	2,746	2,954
Transferred to:		
Unamortized external capital contributions -Y2K (Note 10)	-	(485)
Unamortized external capital contributions - Other (Note 10)	(2,649)	(1,966)
	(2,649)	(2,451)
Change during the year	97	503
Balance, beginning of year	1,671	1,168
	$ 1,768	$ 1,671
Balance at year end is restricted for the following purposes:		
Alberta Health and Wellness - Federal funds capital equipment	$ 769	$ -
Alberta Health and Wellness - Lottery capital equipment	54	458
Telehealth -capital equipment	28	-
Alberta Infrastructure upgrades	883	1,192
Other	34	21
	$ 1,768	$ 1,671

Note 9 Long-term Debt

	2001	2000
	(thousands of dollars)	
Debenture	$ -	$ 1,245
Obligations under capital leases	85	130
	85	1,375
Less current portion	(49)	(1,290)
Long-term portion	$ 36	$ 85

	Capital Leases
Future principal payments for the year ending March 31:	
2002	$ 49
2003	36
	$ 85

The capital leases expire on various dates to 2003. The implicit interest rates payable on these leases range from 9% to 13%.

Note 10 Unamortized External Capital Contributions

Unamortized external capital contributions reflect transactions accounted for in accordance with the accounting policy described in Note 2 (a)(iii). The balance at the end of year represents the external capital contributions that will be recognized as revenue in future years.

	2001	2000
	(thousands of dollars)	
Balance at beginning of year	$ 57,898	$ 60,100
Add amounts transferred from deferred capital contributions (Note 8)	2,649	2,451
	60,547	62,551
Less amounts recognized as revenue	(3,984)	(4,653)
	$ 56,563	$ 57,898

Note 11 Unrestricted Net Assets

The balance of unrestricted net assets can be analyzed as follows:

	2001	2000
	(thousands of dollars)	
Unrestricted and internally restricted net assets at Regionalization - April 1, 1995 as restated (Note 3)	$ 3,194	$ 3,194
Changes since regionalization		
Cumulative operating surplus	5,380	3,205
Invested in capital assets (net of amortization)	(1,835)	(593)
Repayment of long-term debt	(2,137)	(847)
Balance at end of year	$ 4,602	$ 4,959

Note 12 Commitments

The Authority is committed to several operating lease contracts. Future minimum lease payments are as follows:

	(thousands of dollars)
2002	$ 639
2003	627
2004	606
2005	597
2006	485
2007 and thereafter	114

Note 13 Budget

	Approved Budget (1)	Additional Funding (2)	Adjustments (3)	Reported Budget
		(thousands of dollars)		
Revenues:				
Alberta Health and Wellness contributions (Note 14)	$ 99,893	$ 2,263	$ -	$ 102,156
Other government contributions (Note 15)	3,129	-	719	3,848
Fees and charges	9,606	-	-	9,606
Investment and other income (Note 17)	1,504	-	184	1,688
Amortization of external capital contributions	4,595	-	-	4,595
	118,727	2,263	903	121,893
Expenses:				
Facility based inpatient acute services	17,779	663	(108)	18,334
Facility based emergency and outpatient services	6,331	15	300	6,646
Facility based continuing care services	22,054	168	627	22,849
Community and home based services	10,057	-	(682)	9,375
Diagnositic and therapeutic services	19,262	621	328	20,211
Promotion, prevention and protection services	5,913	145	227	6,285
Education	709	491	(605)	595
Administration (Note 19)	4,912	-	277	5,189
Information technology and we//net (Note 20)	1,762	4	81	1,847
Y2K remedial costs	450	-	-	450
Support services (Note 21)	22,278	156	1,072	23,506
Amortization of facilities and improvements	3,869	-	(614)	3,255
	115,376	2,263	903	118,542
Excess of revenues over expenses	$ 3,351	$ -	$ -	$ 3,351

1) The Budget was approved by the Official Administrator of the Authority on March 31, 2000 and approved by the Minister of Health and Wellness.

2) On May 2000, the Minister of Health and Wellness provided additional funding. These additional resources were allocated by the Board to address funding expectations.

3) Adjustments arising from Board re-allocations are:
Recognition of deferred revenue and redistribution of funds between programs to match reallocations.

Note 14 Alberta Health and Wellness Contributions

	Budget	2001	2000
	(thousands of dollars)		
Unrestricted contributions	$ 99,592	$ 99,592	$ 94,385
Transferred from deferred contributions (Note 7)	1,115	1,351	1,912
Other Restricted contributions	846	846	-
Restricted contributions made directly by Alberta Health and Wellness to contracted health service operators (Note 23)	603	603	620
	$ 102,156	$ 102,392	$ 96,917

Note 15 Other Government Contributions

	Budget	2001	2000
	(thousands of dollars)		
Alberta Infrastructure	$ 1,366	$ 1,353	$ 587
Fair value of rent less rent charges for non-acute care facilities used by the Authority	234	351	234
Fair value for use of non-owned acute care facilities	1,234	1,234	1,287
Transferred from deferred contributions (Note 7):			
Primary Care funding	72	56	193
Other	-	32	44
Other government contributions	942	564	109
	$ 3,848	$ 3,590	$ 2,454

Note 16 Ancillary Operations

	2001				2000
	Non-patient Food Service Operations	Rental Operations	Total	Budget	Total
	(thousands of dollars)				
Revenues	$ 420	$ 38	$ 458	$ 450	$ 436
Expenses:					
Other expenses	420	39	459	447	468
Amortization		3	3	3	3
	420	42	462	450	471
Deficiency of revenues over expenses 2000-2001	$ -	$ (4)	$ (4)	$ -	$ (35)
Deficiency of revenues over expenses 1999-2000	$ (34)	$ (1)	$ (35)	$ -	$ (35)

Note 17 Investment and Other Income

	Budget	2001	2000
	(thousands of dollars)		
Investment income	$ 557	$ 915	$ 636
Less: Subject to restrictions and transferred to deferred contributions (Notes 7 & 8)	-	(45)	(62)
Unrestricted investment income	$ 557	$ 870	$ 574
Investment income subject to restrictions recognized as revenue (Notes 7 & 8)	-	14	-
Other income	1,131	1,509	1,120
	$ 1,688	$ 2,393	$ 1,694

Investment income is comprised of interest revenue.
Other income comprises:

External recoveries of supply costs
External recoveries of salary costs
Other revenues

Note 18 Facility-Based Continuing Care Services

Facility based continuing care services include expenses associated with the Healthy Aging Partnership Initiative ("HAPI") of $ 979.

Note 19 Administration

	Budget	2001	2000
	(thousands of dollars)		
			(as restated) *(Note 3)*
General administration	$ 2,729	$ 2,605	$ 2,332
Finance	599	558	1,087
Personnel	975	1,103	1,022
Administration - contract operators	886	903	1,267
	$ 5,189	$ 5,169	$ 5,708

Note 20 Information Technology and Alberta We*ll*net

	Budget	2001	2000
	(thousands of dollars)		
			(as restated) *(Note 3)*
Alberta We*ll*net	$ 425	$ 114	$ 437
Information systems support	1,376	1,387	804
Information systems support - contract services	46	46	65
	$ 1,847	$ 1,547	$ 1,306

Alberta We*ll*net is the province-wide strategic initiative to build a health information network. The initiative brings together a broad spectrum of health professionals into multi-disciplinary teams to put information technology to work to improve health service delivery to all Albertans. Alberta We*ll*net brings together doctors, nurses, regional health authorities, pharmacists, the Alberta Cancer Board, the Alberta Mental Health Board, universities and faculties of medicine, a national health information institute and Alberta Health and Wellness in the planning and implementation of the network.

The Authority's contribution has been applied towards planning and pre-development activities that will produce clinical and administrative deliverables beginning in 2000-2001 or to develop applications to support we*ll*net initiatives. In accordance with generally accepted accounting principles, $ 559 have been capitalized and $ 114 have been expensed.

Note 21 Support Services

	Budget	2001	2000
	(thousands of dollars)		
			(as restated) *(Note 3)*
Building maintenance, operations and security	$ 5,336	$ 6,004	$ 5,431
Communications	930	828	643
Education	384	415	269
Housekeeping	1,983	2,047	1,922
Laundry and linen	917	967	895
Materials management and central sterilizing	955	994	909
Patient food services	3,141	3,238	3,125
Patient health records	1,295	1,254	1,130
Patient registration	1,120	1,151	1,033
Patient transportation	1,483	2,229	1,611
Support services - contract operators	5,962	6,131	5,749
	$ 23,506	$ 25,258	$ 22,717

Note 22 Change in Non-Cash Working Capital Accounts

	2001	2000
	(thousands of dollars)	
Accounts receivable	$ (253)	$ 73
Contributions receivable	(384)	(1,061)
Inventories	4	4
Prepaid expenses	5	(231)
Accounts payable	1,476	535
Accrued vacation pay	502	40
Deferred contributions	(1,093)	(502)
	$ 257	$ (1,142)

Note 23 Related Parties

(a) The Authority is established under the Regional Health Authorities Act. The Minister of Health and Wellness appoints the members of the Authority. Transactions between the Authority and the Province are disclosed in the statement of operations and in Notes 7, 8, 14 and 15.

(b) Voluntary and Private Health Service Operators

The Authority contracts with voluntary and private health service operators to provide health services in the Region. The health service operators and the amount of contracted health services for the year are as follows:

	Operating Fund				2001	2000
	Direct Funding by the Authority	Approved Patient/ Resident Fees and Charges	Direct Funding by Alberta Health	Full Cost Adjustments	Total	Total
			(thousands of dollars)			
Voluntary facilities:						
Bonnyville Health Care Centre	$ 6,103	$ 674	$ -	$ 531	$ 7,308	$ 7,299
Lamont Health Care Centre	6,233	1,372	-	518	8,123	7,433
Mary Immaculate Hospital - Mundare	1,320	381	-	-	1,701	1,595
Mary Immaculate Hospital - Willingdon	-	-	-	-	-	42
St. Joseph Hospital - Vegreville	5,630	164	-	185	5,979	5,468
Private facilities:						
Bonnyville Extendicare	1,269	493	179	-	1,941	1,904
Rivercrest Care Centre - Fort Saskatchewan	2,662	834	171	-	3,667	3,630
St. Paul Extendicare	2,477	724	253	-	3,454	3,178
Heritage House - Vegreville	673	613	-	-	1,286	-
	$ 26,367	$ 5,255	$ 603	$ 1,234	$ 33,459	$ 30,549
Reported in the following expense categories:						
Facility based inpatient acute services					$ 4,987	$ 4,511
Facility based emergency and outpatient services					2,834	2,556
Facility based continuing care services					14,492	12,455
Diagnostic and therapeutic services					4,066	3,946
Administration					903	1,267
Information technology and wellnet					46	65
Support services					6,131	5,749
					$ 33,459	$ 30,549

Note 23 Related Parties (continued)

(c) Foundations

The Authority significantly influences the St. Paul & District Hospital Foundation (the "Foundation") by virtue of representation on the Board of directors. The Foundation is not consolidated in these financial statements. The Foundation exists for the purpose of raising funds to be used to benefit the St. Therese Health Centre (the "Centre").

During the year, the Foundation donated $4 (2000 $22) to the Centre. The Foundation currently holds resources in the amount of $82 (2000 $63) for the benefit of the Centre.

Note 24 Pension Costs

The Authority participates in the Local Authorities Pension Plan which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equal to the Authority's annual contributions payable of $1,791 for the year ended March 31, 2001 (2000 $1,613).

At December 31, 2000, the Local Authorities Pension Plan reported a surplus of $883,823 (1999 $880,358).

Note 25 Contingency

The Authority has been named as a defendant in an arbitration case involving a private health service operator. The request for arbitration alleges that additional funding is due from the Authority. In the opinion of management, the claim is without merit and the likelihood of any liability is not determinable at this time. In the event of a settlement any costs will be charged against the operations in the year of the settlement.

Note 26 Subsequent Events

Subsequent to the year-end, the health authority boundaries were realigned by the Minister of Health and Wellness pursuant to Minister's Order #54/2001 and #86/2001. This results in a decrease in the geographic size of the region due to a transfer of operations to Aspen Regional Health Authority and a transfer of operations from East Central Health Authority. The transfer of any respective assets and liabilities is effective April 20, 2001 and May 31,2001. As at May 31, 2001 no formal settlement has been agreed upon by the respective parties. The estimated effect for the 2001/2002 fiscal year cannot be determined at this time.

Note 27 Trust Funds

The Authority receives funds in trust from Alberta Infrastructure for non-owned facilities for capital purposes and facility repairs. These amounts are not reported in these financial statements.

During the year, the Authority received $403 (2000 $524) and disbursed $572 (2000 $379) for capital and facility repairs for non-owned facilities. The balance of funds held by the

Authority is $144 (2000 $313).

Note 28 Comparative Figures

Certain 2000 figures have been reclassified to conform to the 2001 presentation.

Note 29 Approval of Financial Statements

These financial statements have been approved by the Authority.

Schedule 1

LAKELAND REGIONAL HEALTH AUTHORITY

SCHEDULE OF EXPENSES BY OBJECT

YEAR ENDED MARCH 31, 2001

(thousands of dollars)

	Budget	2001	2000 (as restated) (Note 3)
Salaries, honoraria, benefits, allowances and severance (Schedule 2)	$ 59,647	$ 59,087	$ 54,203
Contracts with health service operators (Note 23(b))	32,403	33,459	30,549
Drugs, gases, medical and surgical supplies	2,922	2,962	3,002
Consulting services	1,831	1,995	2,103
Interest on long-term debt	22	22	531
Other	16,163	18,861	16,252
Amortization:			
Capital equipment - internally funded	725	856	691
Capital equipment - externally funded	1,340	732	554
Facilities and improvements	3,255	3,255	4,035
Fair value of facilities provided by Province at zero cost	234	350	234
	118,542	121,579	112,154
Less amounts reported in ancillary operations (Note 16)	-	(462)	(471)
	$ 118,542	$ 121,117	$ 111,683

LAKELAND REGIONAL HEALTH AUTHORITY
SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE
YEAR ENDED MARCH 31, 2001
(thousands of dollars)

	2001				Severance			2000 (as restated - Note 3)		
	Number of Individuals (1)	Salaries and Honoraria (2)	Benefits and Allowances (3)	Sub-total	Number of Individuals	Amount	Total	Number of Individuals (1)	Salaries, Benefits & Honoraria (2, 3)	Severance
STAFF										
Chief Executive Officer	1.00	$ 110	$ 18	$ 134	0.00	$ -	$ 134	1.00	$ 132	$ -
Medical Officers or Other Mgmt to Board	1.50	276	42	318	0.00	-	318	1.92	270	-
Management persons reporting to the CEO										
Regional Chief Financial Officer	-	-	-	-	0.00	-	-	0.50	90	-
Directors of Health Services	1.00	112	17	129	0.00	-	129	1.00	111	-
Other Management reporting to those above (2001 avg = $89) (2000 avg = $78) (excluding severances)	13.25	1,030	156	1,186	1.00	48	1,234	10.50	820	11
Other Management (2001 avg = $72) (2000 avg = $65) (excluding severances)	55.71	3,501	530	4,031	0.00	-	4,031	68.54	4,473	14
Medical Doctors not included above	-	103	-	103	0.00	-	103	-	-	-
Registered Nurses not included above (2001 avg = $50) (2000 avg = $51) (excluding severances)	391.18	17,819	2,698	20,517	0.00	-	20,517	358.83	18,449	-
Other Health Technical & Professionals (2001 avg = $55) (2000 avg = $52) (excluding severances)	235.08	11,281	1,709	12,990	0.00	-	12,990	219.18	11,495	-
Unregulated Health Service Providers (2001 avg = $31) (2000 avg = $28)	230.36	6,169	934	7,103	0.00	-	7,103	218.52	6,436	-
Other Staff (2001 avg = $33) (2000 avg = $33) (excluding severances)	374.10	10,846	1,642	12,488	0.00	-	12,488	354.08	11,744	62
	1,303.18	51,253	7,746	58,999	1.00	48	59,047	1,234.07	53,980	87
TOTAL OF SCHEDULE 2	1,312.18	$ 51,293	$ 7,746	$ 59,039	1.00	$ 48	$ 59,087	1,235.07	$ 54,116	$ 87

Schedule 2

LAKELAND REGIONAL HEALTH AUTHORITY
SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE
YEAR ENDED MARCH 31, 2001
(thousands of dollars)

		2001				Severance			2000 (as restated - Note 3)			
		Number of Individuals (1)	Salaries and Honoraria (2)	Benefits and Allowances (3)	Sub-total	Number of Individuals	Amount	Total	Number of Individuals (1)	Salaries, Benefits & Honoraria (2, 3)	Severance	Total
Authority/Board Compensation												
RHA Chairperson	Orest Olineck	1.00	$ 15	$ -	$ 15	-	$ -	$ 15		$ -	$ -	$
	Bob Cable (Trustee)	1.00	(23)		(23)			(23)	1.00	136	-	136
Members												
	Ernie Isley	1.00	7	-	7	-	-	7	-	-	-	-
	Floyd Thompson	1.00	10	-	10	-		10	-		-	-
	John Dennett	1.00	5	-	5	-	-	5	-		-	-
	Margaret Wade	1.00	5	-	5	-		5	-		-	-
	Ellen McGladdery	1.00	6	-	6	-		6	-		-	-
	Raymond Coates	1.00	7		7			7	-	-	-	-
	John Pilipchuk	1.00	8	-	8	-	-	8	-	-	-	-
Total honoraria		9.00	$ 40	$ -	$ 40	-	$ -	$ 40	1	$ 136	$ -	$ 136

Schedule 2 (continued)

LAKELAND REGIONAL HEALTH AUTHORITY

SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE

YEAR ENDED MARCH 31, 2001

(1) Full time equivalent (FTE) has been determined as follows:

Regulated nurses	1921 hours per FTE
All other categories	2023 hours per FTE

The actual discrete number of individuals employed: 1,938 (2000 1,866).

(2) Salary includes regular base pay, overtime, lump sum payments, honoraria and any other direct cash remuneration including sick leave, short-term disability and vacation.

(3) Benefits and allowances included the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, out of country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, unemployment insurance, workers compensation, car benefits and allowances and tuition.

(4) Severance includes: All monies paid directly or on behalf of an employee upon termination which are not included in salaries and benefits, continued payment for Authority/Board shared benefits identified in 2 above, that will continue to be paid.

(5) The total amount is reported in Schedule 1 - Expenses by Object.

(6) The Lakeland Regional Health Authority Board was disbanded and replaced with an Official Administrator on February 18, 1999. A new Board was appointed and commenced April 3, 2000

Schedule 3

LAKELAND REGIONAL HEALTH AUTHORITY
THREE YEAR SUMMARY OF REVENUES AND EXPENSES
PERIOD COMMENCING APRIL 1, 1998

(thousands of dollars)

	Actual		
	2001	2000 (as restated) (Note 3)	1999 (1)
Revenues:			
Alberta Health and Wellness contributions	$ 102,392	$ 96,917	$ 86,066
Other government contributions	3,990	2,454	2,227
Fees and charges	10,404	9,543	9,993
Net Ancillary Operations	(4)	(35)	(79)
Donations	533	410	215
Investment and other income	2,393	1,694	1,140
Amortization of external capital contributions	3,984	4,653	3,993
	123,292	115,636	103,555
Expenses:			
Facility based inpatient acute services	18,611	16,545	15,938
Facility based emergency and outpatient services	6,351	6,007	6,488
Facility based continuing care services	24,381	21,785	21,371
Community and home based services	9,262	8,028	7,475
Diagnostic and therapeutic services	21,106	18,334	17,387
Promotion, prevention and protection services	6,143	5,304	5,167
Education	-	-	382
Administration	5,169	5,708	7,473
Information technology and wellnet	1,547	1,306	981
Y2K remedial costs	37	1,913	541
Support services	25,258	22,717	21,000
Amortization of facilities and improvements	3,252	4,036	3,646
Total Expenses	$ 121,117	$ 111,683	$ 107,849
Excess (deficiency) of revenues over expenses	$ 2,175	$ 3,953	$ (4,294)

Pro-forma results are not required, as there were no boundary changes or transfers of programs or services during this three-year period.

(1) Certain 1999 amounts were restated as part of the change in accounting policy for recording pension expense (Note 3). The adjustment resulted in a decrease in total expenses of $ 31.

Financial Statements of

MISTAHIA REGIONAL HEALTH AUTHORITY

March 31, 2001

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Auditors' Report

To the Members of the
Mistahia Regional Health Authority
and the Minister of Alberta Health and Wellness

We have audited the statement of financial position of Mistahia Regional Health Authority ("the Authority") as at March 31, 2001 and the statements of operations, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2001 and the results of operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Further, we have made an examination to determine if the Authority has complied with Financial Directive 18 issued by Alberta Health and Wellness. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as we considered necessary in the circumstances. In our opinion, the Authority has, in all significant respects, complied with Financial Directive 18.

Deloitte & Touche LLP

Chartered Accountants
June 6, 2001

MISTAHIA REGIONAL HEALTH AUTHORITY

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

FINANCIAL STATEMENTS

MARCH 31, 2001

The accompanying financial statements are the responsibility of management and have been approved by the Authority. The financial statements were prepared in accordance with Canadian generally accepted accounting principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgments.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded.

The Authority members carry out their responsibility for the financial statements through the Finance and Personnel Committee. This Committee meets with management and the external auditor, Deloitte and Touche LLP, to discuss and review financial matters, and recommends the financial statements to the Mistahia Regional Health Authority Board for approval. The external auditor has full and free access to the Finance and Personnel Committee.

The external auditor, Deloitte and Touche LLP, provides an independent audit of the financial statements. Their examination is conducted in accordance with Canadian generally accepted auditing standards and includes tests and other procedures, which allow them to report on the fairness of the financial statements prepared by management.

C. Brian Spooner
Interim President and
Chief Executive Officer

Donald A. (Tony) Suttis
Vice President, Finance and
Information Management

MISTAHIA REGIONAL HEALTH AUTHORITY
Statement of Financial Position

March 31, 2001
(thousands of dollars)

	2001	2000 (as restated - Note 3)
ASSETS		
CURRENT ASSETS		
Cash and temporary investments (Note 4)	$ 10,509	$ 8,176
Accounts receivable	1,565	1,872
Contributions receivable	515	464
Inventories	633	649
Prepaid expenses	737	540
	13,959	11,701
NON-CURRENT CASH AND INVESTMENTS (Note 5)	5,115	5,771
NON-CURRENT RECEIVABLES (Note 6)	1,337	582
CAPITAL ASSETS (Note 7)	119,645	113,430
	$ 140,056	$ 131,484
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accruals	$ 7,412	$ 5,572
Accrued vacation pay	4,111	3,860
Deferred contributions (Note 8)	733	883
	12,256	10,315
DEFERRED CAPITAL CONTRIBUTIONS (Note 9)	4,576	4,835
UNAMORTIZED EXTERNAL CAPITAL CONTRIBUTIONS (Note 10)	114,160	109,500
	130,992	124,650
COMMITMENTS (Note 13)		
NET ASSETS		
Unrestricted (Note 11)	394	953
Internally restricted (Note 12)	3,185	1,951
Investment in capital assets	5,485	3,930
	9,064	6,834
	$ 140,056	$ 131,484

The accompanying notes and schedules are part of these financial statements.

MISTAHIA REGIONAL HEALTH AUTHORITY
Statement of Operations

Year ended March 31, 2001
(thousands of dollars)

	2001		2000
	Budget (Note 14)	Actual	Actual (as restated - Note 3)
REVENUES			
Alberta Health and Wellness contributions (Note 15	$ 87,860	$ 87,424	$ 78,122
Other government contributions (Note 16	470	474	476
Fees and charge	7,476	7,974	7,606
Ancillary operations - net (Note 17	252	372	336
Donation	-	110	93
Investment and other income (Note 18	1,335	2,498	2,151
Amortization of external capital contributions (Note 1	5,393	6,086	5,136
	102,786	104,938	93,920
EXPENSES - Schedule 1			
Facility-based in-patient acute service	23,827	23,932	21,847
Facility-based emergency and out-patient service	6,514	6,652	5,788
Facility-based continuing care service	8,824	8,567	7,875
Community and home-based service	5,955	5,941	5,521
Diagnostic and therapeutic service	17,808	18,353	16,664
Promotion, prevention and protection service	4,658	4,055	3,359
Research and educatio	78	4	78
Administration (Note 19	6,555	7,470	5,538
Information technology and we//net (Note 20	1,652	1,979	1,747
Y2K remedial costs	-	234	1,180
Support services (Note 21	19,602	20,733	19,214
Amortization of facilities and improvement	4,396	4,788	4,187
	99,869	102,708	92,998
EXCESS OF REVENUES OVER EXPENSES	$ 2,917	$ 2,230	$ 922

MISTAHIA REGIONAL HEALTH AUTHORITY
Statement of Changes in Net Assets
Year ended March 31, 2001
(thousands of dollars

	2001				2000
	Unrestricted (Note 11)	Internally Restricted (Note 12)	Investment in Capital Assets	Total	Total (as restated - Note 3)
EXCESS OF REVENUES OVER EXPENSES	$ 2,230	$ -	$ -	$ 2,230	$ 922
CAPITAL ASSETS PURCHASED WITH INTERNAL FUNDS (NET OF DISPOSALS)	25	(2,307)	2,282	-	-
AMORTIZATION ON INTERNALLY FUNDED CAPITAL ASSETS	727	-	(727)	-	-
NET CHANGE TO UNRESTRICTED NET ASSETS	2,982				
TRANSFER TO/ FROM INTERNALLY RESTRICTED	(3,541)	3,541	-	-	-
BALANCE, BEGINNING OF YEAR (as restated - Note 3	953	1,951	3,930	6,834	5,912
BALANCE, END OF YEAR	$ 394	$ 3,185	$ 5,485	$ 9,064	$ 6,834

MISTAHIA REGIONAL HEALTH AUTHORITY
Statement of Cash Flows
Year ended March 31, 2001
(thousands of dollars)

	2001		2000
	Budget	Actual	Actual (as restated - Note 3)
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES			
OPERATING			
Excess of revenues over expenses	$ 2,917	$ 2,230	$ 922
Items not affecting cash:			
Amortization of internally funded equipment	719	678	685
Amortization of externally funded equipment	1,142	1,337	1,088
Amortization of internally funded facilities and improvements	146	49	139
Amortization of externally funded facilities and improvements	4,252	4,739	4,048
Amortization of deferred external capital contributions	(5,394)	(6,086)	(5,136)
Loss (gain) on disposal of capital assets	-	23	(54)
	3,782	2,970	1,692
Change in non-cash working capital accounts (Note 22)	(882)	2,016	1,759
	2,900	4,986	3,451
INVESTING			
Purchase of capital assets			
Internally funded equipment	(3,769)	(2,301)	(341)
Externally funded equipment	(2,316)	(5,774)	(925)
Internally funded facilities and improvements	-	(6)	(25)
Externally funded facilities and improvements	(2,519)	(4,972)	(2,444)
Proceeds on sale of capital assets	-	12	54
Change in non-current cash	5,771	656	1,046
Net sale of long-term investments	-	-	2,140
	(2,833)	(12,385)	(495)
FINANCING			
Capital contributions received (Note 9)	-	10,841	3,334
Refund of unused capital contributions (Note 9)	-	(120)	(767)
Capital contributions transferred to operations (Note 9)	-	(234)	(1,180)
Change in non-current receivables	582	(755)	(547)
	582	9,732	840
INCREASE IN CASH AND TEMPORARY INVESTMENTS	649	2,333	3,796
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	8,176	8,176	4,380
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	$ 8,825	$ 10,509	$ 8,176

1. AUTHORITY, PURPOSE AND OPERATION

The Mistahia Regional Health Authority ("the Authority") was established on June 24, 1994 under the authority of the Regional Health Authorities Act, Chapter R-9.07, Statutes of Alberta, 1994. The Authority is a registered charity under the Income Tax Act and is therefore exempt from payment of income tax.

The Authority is responsible for the delivery of appropriate, accessible, and affordable health services in the region. This responsibility includes operating programs designed to promote, protect, maintain, restore, and enhance physical and mental well-being.

The operations of the Authority include the following facilities and sites:

- Beaverlodge Municipal Hospital
- Central Peace General Hospital, Spirit River
- Fairview Health Complex
- Grande Cache General Hospital
- Grimshaw/Berwyn & District Hospital
- Hythe Nursing Home
- Mackenzie Place Long Term Care Centre, Grande Prairie
- Queen Elizabeth II Hospital, Grande Prairie
- Valleyview Health Centre
- Worsley Health Centre
- Mistahia Health Unit Offices in Beaverlodge, Fairview, Grande Cache, Grande Prairie, Spirit River and Valleyview.

These financial statements do not include the assets, liabilities and operations of any voluntary or private facilities providing health services in the region. Information on these facilities is disclosed in Note 24.

2. ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and the reporting requirements of Financial Directive 18 issued by Alberta Health and Wellness. The following are the significant accounting policies:

(a) *Basis of Presentation*

These financial statements include all facilities and sites, which the Authority operates, except for the Grande Prairie Care Centre that is a private facility operated under contract.

(b) *Revenue Recognition*

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year when received or receivable.

(ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year when related expenses are incurred.

2. ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(b) *Revenue recognition (continued)*

(iii) Externally restricted capital contributions are recorded as deferred contributions until the amount is invested in capital assets. Amounts invested representing externally funded capital assets are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

(iv) Restricted contributions for the purchase of capital assets which will not be amortized are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year it is earned.

(vi) Investment income subject to external restrictions is, depending on the nature of the restrictions, recorded as a direct increase to net assets, or is deferred and recognized as revenue in the year the related expenses are incurred.

(vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(c) *Full cost*

The Authority accounts for all costs and revenues related to services carried out for which it is responsible.

The fair value of costs of service is recorded. The fair value transactions recorded consist of the following:

- Revenues earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as fees and charges of the Authority. An equivalent amount is recorded as contracted health service operator expense of the Authority.
- Payments made by Alberta Health and Wellness directly to contracted health service operators for health programs are recorded as revenues and an equivalent amount recorded as program expenses as these payments represent part of the cost of the Authority's health programs.
- The fair value for use of acute care facilities not owned by the Authority is recorded as revenue from other government contributions or from donations and as program expense as contract payments from the Authority do not include an amount for the use of these facilities.

2. **ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)**

(c) *Full cost (continued)*

- The fair value for use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expenses.
- Other assets, supplies and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers contribute a significant amount of time each year to assist the Authority in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenues and expenses in these financial statements because fair value cannot be reasonably determined.

(d) *Employee Future Benefits*

The Authority participates in the Local Authorities Pension Plan. The pension plan is a multi-employer defined benefit pension plan that provides a pension for the Authority's participating employees, based on years of service and earnings.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the authority has insufficient information to apply defined benefit plan accounting.

Pension costs included in these financial statements comprise the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plan. The Authority's portion of the pension plan's deficit or surplus is not recorded by the Authority.

The Authority fully accrues its obligation for employee non-pension future benefits.

(e) *Investments*

Temporary investments are recorded at cost, which approximates market value.

Non-current investments are recorded at cost unless there has been a permanent reduction in value. At that time the value is reduced. Any discounts or premiums arising on purchase are amortized over the period to maturity. Gains or losses realized on disposal are recognized in the period of disposal.

(f) *Inventories*

Inventories are recorded at the lower of cost and net replacement cost, or net realizable value.

2. **ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)**

(g) *Capital assets*

Capital assets and capital projects in progress are recorded at cost. Capital assets costing less than $ 5 are expensed.

Capital assets are amortized on a straight-line basis over the estimated useful life of the assets as follows:

Land improvements	10 - 25 years
Buildings	20 - 40 years
Major equipment	5 - 15 years

Construction projects in progress are not amortized until the project is complete.

Leases transferring substantially all of the benefits and risks of ownership of capital assets to the Authority are accounted for as acquisitions of capital assets financed by long-term obligations.

(h) *Restructuring Costs*

Restructuring costs are charged to expenses in the period the decision to restructure is made. If the actual costs are not known at the time the decision is made, then an estimate of the amounts is recorded.

3. **CHANGES IN ACCOUNTING POLICY**

Pension obligation

The Authority has changed its method of accounting for its participation in the multi-employer defined benefit pension plan. The Authority now records pension expense equivalent to its annual contribution payable during the year. The Authority's portion of the pension plans' deficit or surplus is not recorded by the Authority. This change in accounting policy has been applied retroactively with restatement of comparative amounts. As a result of the change in accounting policy, the Authority's financial statements for the year ended March 31, 2000 have been restated as follows:

	2000		
	As previously stated	Adjustment	As restated
Net assets, beginning of year	$ 5,628	$ 284	$ 5,912
Net assets, end of year	$ 6,621	$ 213	$ 6,834
Unfunded pension obligation	$ 213	$ (213)	$ -
Excess of revenues over expenses	$ 993	$ (71)	$ 922

4. CASH AND TEMPORARY INVESTMENTS

	2001	2000
Cash	$ 5,280	$ 5,347
Temporary investments at cost (which approximates market value)	10,344	8,600
	15,624	13,947
Allocation to non-current cash and investments (Note 5)	(5,115)	(5,771)
	$ 10,509	$ 8,176

Cash and temporary investments represent amounts held for working capital purposes.

5. NON-CURRENT CASH AND INVESTMENTS

	2001	2000
Allocation from current cash and temporary investments (Note 4)	$ 5,115	$ 5,771

Non-current cash and investments represent the following:

	2001	2000
Externally restricted for capital acquisitions	$ 3,435	$ 4,320
Internally restricted for capital acquisitions	1,680	1,451
	$ 5,115	$ 5,771

6. NON-CURRENT RECEIVABLES

	2001	2000
Alberta Health and Wellness	$ 1,101	$ 500
Alberta Infrastructure	40	15
Non-current portion of receivable from physicians	196	67
	$ 1,337	$ 582

The amounts due from Alberta Health and Wellness and Alberta Infrastructure are for capital acquisitions.

The amount due from physicians is the non-current portion of non-interest bearing loans granted to certain physicians to establish medical practices in Grande Prairie. The current portion of $338 (2000 - $381) is reported in accounts receivable.

7. CAPITAL ASSETS

	2001			2000
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 870	$ -	$ 870	$ 870
Land improvements	6,615	5,686	929	1,977
Buildings	155,349	58,119	97,230	100,468
Major equipment	36,032	27,169	8,863	5,970
Work in progress	11,753	-	11,753	4,145
	$ 210,619	$ 90,974	$ 119,645	$ 113,430

Capital assets have been funded from the following sources:

	2001	2000
Externally funded (unamortized external capital contributions)	$ 114,160	$ 109,500
Internally funded (invested in capital assets)	5,485	3,930
	$ 119,645	$ 113,430

8. DEFERRED CONTRIBUTIONS

Alberta Health and Wellness	$ 54	$ 879
Other government contributions	3	1
Other	5	3
Amounts recognized as revenue:		
Alberta Health and Wellness contributions (Note 15)	(208)	-
Other government contributions (Note 16)	(4)	-
Change during the year	(150)	883
Balance, beginning of year	883	-
Balance, end of year	$ 733	$ 883
Balance at end of year is restricted for the following purposes:		
Alberta Health and Wellness contributions:		
Healthy Aging Partnership Initiative	$ 566	$ 566
Community Exposure and Health Effects Assessment	113	210
Archival Blood Record Review Project	42	-
Reimburse software licenses	4	-
Meditech Public Health Immunization Module	-	103
	725	879
Other government contributions	3	1
Other	5	3
	$ 733	$ 883

9. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions balance represents amounts accounted for in accordance with accounting policy described in Note 2(b).

	2001	2000
Amounts received:		
Restricted Alberta Health and Wellness contributions	$ 2,596	$ 500
Restricted other government contributions	5,758	2,481
Donations restricted for capital purposes	2,331	199
Other sources	67	-
Interest	89	154
	10,841	3,334
Transferred to:		
Unamortized external capital contributions (Note 10)	(10,746)	(3,369)
Refund of contributions	(120)	(767)
Alberta Health and Wellness contributions (Note 15)	(234)	(1,180)
	(11,100)	(5,316)
Change during the year	(259)	(1,982)
Balance, beginning of year	4,835	6,817
Balance, end of year	$ 4,576	$ 4,835
Balance at end of year is restricted for the following purposes:		
Capital upgrades and equipment	$ 4,576	$ 4,147
Year 2000 remedial	-	688
	$ 4,576	$ 4,835

10. UNAMORTIZED EXTERNAL CAPITAL CONTRIBUTIONS

Unamortized external capital contributions reflect transactions accounted in accordance with the accounting policy described in Note 2(b). The balance at year end represents the external capital contribution that will be recognized as revenue in future years.

	2001	2000
Balance, beginning of year	$ 109,500	111,267
Add amounts transferred from deferred capital contributions (Note 9)	10,746	3,369
	120,246	114,636
Less amounts recognized as revenue		
Amortization of external capital contributions	(6,086)	(5,136)
Balance, end of year	$ 114,160	$ 109,500

11. UNRESTRICTED AND INTERNALLY RESTRICTED NET ASSETS

	2001	2000 (as restated - Note 3)
Unrestricted and internally restricted net assets at regionalization - April 1, 1995	$ 4,350	$ 4,350
Changes since regionalization:		
Cumulative operating surplus (deficit)	1,763	(467)
Net investment in capital assets	(2,534)	(979)
	$ 3,579	$ 2,904
Unrestricted	$ 394	$ 953
Internally restricted	3,185	1,951
	$ 3,579	$ 2,904

12. INTERNALLY RESTRICTED NET ASSETS

Net assets internally restricted represent amounts restricted by the Authority for the following purposes:

	2001	2000
Capital acquisitions and project management	$ 2,130	$ 1,451
Program service and delivery plan	555	-
Capital Health Link operations	500	-
MRI operation and maintenance	-	500
	$ 3,185	$ 1,951

13. COMMITMENTS

The Authority is commited to several contracts and is required to make the following minimum payments over the next five years:

	Operating Leases	Healthcare Service Contracts	Equipment Maintenance Contracts	Total
2002	$ 323	$ 1,706	$ 802	$ 2,831
2003	245	978	492	1,715
2004	232	272	347	851
2005	172	-	132	304
2006	23	-	-	23

14. BUDGET

	Approved Budget[1]	Additional Approved Budget[2]	Budget Reallocation[3]	Reported Budget
Revenues				
Alberta Health and Wellness contributions	$ 84,262	$ 3,598	$ -	$ 87,860
Other government contributions	470	-	-	470
Fees and charges	7,326	-	150	7,476
Net ancillary operations	252	-	-	252
Donations	-	-	-	-
Investment and other income	1,311	-	24	1,335
Amortization of deferred capital contributions	5,393	-	-	5,393
	99,014	3,598	174	102,786
Expenses:				
Facility-based in-patient acute services	23,412	285	(130)	23,827
Facility-based emergency and out-patient services	6,120	332	(62)	6,514
Facility-based continuing care services	9,065	92	(333)	8,824
Community and home-based services	6,018	124	(187)	5,955
Diagnostic and therapeutic services	17,558	130	120	17,808
Promotion, prevention and protection services	4,503	78	77	4,658
Research and education	78	-	-	78
Administration	5,963	592	-	6,555
Information technology and wel/net	1,652	-	-	1,652
Y2K remedial costs	-	-	-	-
Support services	19,297	-	305	19,602
Amortization of facilities and improvements	4,398	-	-	4,398
	98,062	1,633	174	99,869
Excess of revenues over expenses	$ 952	$ 1,965	$ -	$ 2,917

(1) The budget was approved by the Authority in July 2000 and submitted to the Minister of Health and Wellness in August 2000.

(2) Subsequent to the submission of the budget to the Minister of Health and Wellness, the following additional funding was approved:

Restructuring	1,844
Salary settlement	1,220
Acute care coverage	332
Action for Health – children's initiative	65
Foldable lenses	64
Broda funding – in-service training	60
Immunization programs	13
	$ 3,598

Of the $3,598 in additional funding, $1,633 was allocated to programs.

(3) The business plan submitted to Alberta Health and Wellness included significant budget allocations such as contingencies for employee salary negotiations based on management estimates. The budget was subsequently adjusted for actual settlement amounts, as they became known.

15. ALBERTA HEALTH AND WELLNESS CONTRIBUTIONS

	2001		2000
	Budget (Note 14)	Actual	Actual
Unrestricted contributions	$ 86,982	$ 86,982	$ 77,246
Transfers from deferred contributions (Note 8)	878	208	-
Transfers from deferred capital contributions (Note 9)	-	234	1,180
	87,860	87,424	78,426
Transfers to deferred contributions	-	-	(304)
	$ 87,860	$ 87,424	$ 78,122

16. OTHER GOVERNMENT CONTRIBUTIONS

	Budget (Note 14)	Actual	Actual
Fair value of rent less rent charges for non-acute care facilities used by the Authority	$ 470	$ 470	$ 470
Transfer from deferred contributions (Note 8)	-	4	-
Lottery funds	-	-	4
Municipal Governments	-	-	2
	$ 470	$ 474	$ 476

17. ANCILLARY OPERATIONS

	2001				2000
	Parking Operations	Other Ancillary Operations	Total	Budget (Note 14)	Actual
Revenues	$ 294	$ 173	$ 467	$ 252	$ 418
Expenses	61	34	95	-	82
Excess of revenues over direct expenses (2000/01)	$ 233	$ 139	$ 372	$ 252	$ 336
Excess of revenues over direct expenses (1999/00)	$ 234	$ 102	$ 336	$ 252	$ 336

18. INVESTMENT AND OTHER INCOME

	2001		2000
	Budget (Note 14)	Actual	Actual
Unrestricted investment income	$ 501	$ 794	$ 585
Other income	834	1,704	1,566
	$ 1,335	$ 2,498	$ 2,151

Investment income comprises interest, dividends, amortization of discount and premiums, and net gains on disposal of investments.

Other income comprises recoveries from sources external to the Authority for materials and supplies.

19. ADMINISTRATION

	2001		2000
	Budget (Note 14)	Actual	Actual (as restated - Note 3)
General administration:			
Corporate administration	$ 2,369	$ 2,507	$ 1,717
Medical Administration	816	909	708
Board of Trustees	311	191	264
	3,496	3,607	2,689
Finance (includes payroll services)	1,347	1,508	1,231
Personnel	1,288	1,949	1,221
Administration attributed to private sector operators (Note 24)	342	355	342
	6,473	7,419	5,483
Amortization of capital assets	82	51	55
	$ 6,555	$ 7,470	$ 5,538

20. INFORMATION TECHNOLOGY AND WE//NET

	2001		2000
	Budget (Note 14)	Actual	Actual (as restated - Note 3)
Information technology	$ 1,294	$ 1,548	$ 1,366
We//net	358	358	358
	1,652	1,906	1,724
Amortization of capital assets	-	73	23
	$ 1,652	$ 1,979	$ 1,747

Alberta we//net is the province-wide, strategic initiative to build a health information network. The initiative brings together a broad spectrum of health professionals into multi-disciplinary teams to put information technology to work to improve the delivery of health services to all Albertans. Alberta we//net brings together doctors, nurses, regional health authorities, pharmacists, the Alberta Cancer Board, the Alberta Mental Health Board, universities and faculties of medicine, a national health information institute and Alberta Health and Wellness in the planning and implementation of the network.

The Authority's contribution has been applied towards planning and pre-development activities that will produce clinical and administrative deliverables beginning in 1999/00, or to develop applications to support we//net initiatives. In accordance with generally accepted accounting principles, these costs have been expensed.

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21. SUPPORT SERVICES

	2001		2000
	Budget (Note 14)	Actual	Actual (as restated - Note 3)
Bio-medical engineering	$ 96	$ 152	$ 131
Building maintenance and operations	6,022	7,062	5,908
Communications	751	665	791
Education	191	172	174
Housekeeping	2,441	2,389	2,441
Laundry and linen	992	1,035	923
Materials management and transportation	1,613	1,618	1,731
Patient food services	3,619	3,676	3,480
Health records	2,020	2,060	1,834
Patient registration	465	459	433
Volunteer services and pastoral care	225	226	223
Support services attributed to private sector operators (Note 24)	746	778	745
	19,181	20,291	18,814
Amortization of capital assets	421	442	400
	$ 19,602	$ 20,733	$ 19,214

22. CHANGES IN NON-CASH WORKING CAPITAL ACCOUNTS

	2001	2000
Accounts receivable	$ 307	$ (199)
Contributions receivable	(51)	(464)
Inventories	16	(87)
Prepaid expenses	(197)	(288)
Accounts payable and accruals	1,840	1,645
Accrued vacation pay	251	269
Deferred contributions	(150)	883
	$ 2,016	$ 1,759

23. FAIR VALUE OF FINANCIAL INSTRUMENTS

Limitations

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgement, and therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Cash and temporary investments, accounts receivable, contributions receivable, accounts payable and accruals, accrued vacation pay, deferred contributions.

The carrying amounts on the statement of financial position approximate fair value because of the limited term of these instruments.

24. RELATED PARTIES

Provincial Government

The Authority is established under the Regional Health Authorities Act. The Minister of Health and Wellness appoints the members of the Authority. Transactions between the Authority and the Province are disclosed in the Statement of Operations and Notes 8, 9 and 14 to the financial statements.

Foundations

The Authority has an economic interest in the following Foundations. The Foundations raise funds to benefit the Authority and other health related entities and are registered charities under the Income Tax Act. Information on the Foundations is as follows:

	Contributions Received by Authority		Resources Held by Foundation	
	2001	2000	Externally Restricted	Unrestricted
Beaverlodge General Hospital Foundation	$ 1	$ 21	$ -	$ 59
Fairview Health Complex Foundation	13	77	2,425	100
Grande Cache General Hospital Foundation	-	16	-	-
Grimshaw/Berwyn Hospital Foundation	20	2	5	219
Hythe Hospital and Nursing Home Foundation	4	12	-	62
Queen Elizabeth II Hospital Foundation	2,295	70	2.551	334
Valleyview Health Care Foundation	16	40	8	16
	$ 2,349	$ 238	$ 4,989	$ 790

Externally restricted amounts are for equipment, programs, research and education for the specific hospital and continuing care facility supported by the individual foundation.

24. RELATED PARTIES (continued)

The year end financial statements for the Queen Elizabeth II Hospital Foundation were unavailable. The numbers shown above are from the audited interim financial statements dated September 30, 2000. Between the period September 30, 2000 to March 31, 2001, the Authority received $2,184 in donations from the Queen Elizabeth II Hospital Foundation for various healthcare equipment including the magnetic resonance imaging equipment.

The value of administrative support provided to foundations and the accounts receivable from the foundations at the year end are as follows:

	Administrative Support		Accounts Receivable	
	Year ended March 31,		at March 31, 2001	
	2001	2000	Externally Restricted	Unrestricted
Queen Elizabeth II Hospital Foundation	$ 25	$ 25	$ 10	$ 18

Private Health Service Operators

The Authority has an economic interest in the following private health service providers as it transfers significant resources to these entities. The Authority contracts with private health service operators to provide health services in the Region. The health service operators and the amount of the contracted services for the year are as follows:

	2001			2000
	Direct Authority Funding	Approved Patient Fees and Charges	Total	Total
Grande Prairie Care Centre	$ 1,622	$ 594	$ 2,216	$ 2,135
Dynacare Kasper Medical Laboratories	851	-	851	787
	$ 2,473	$ 594	$ 3,067	$ 2,922

These payments to health service operators have been reported in the following expense categories:

	2001	2000
Facility based continuing care services	$ 1,128	$ 1,082
Diagnostic and therapeutic services	806	753
Administration	355	342
Support services	778	745
	$ 3,067	$ 2,922

MISTAHIA REGIONAL HEALTH AUTHORITY

Notes to the Financial Statements
Year ended March 31, 2001

25. PENSION COSTS

The Authority participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equivalent to the Authority's annual contribution payable of $1,998 for the year ended March 31, 2001 (2000- $1,879).

At December 31, 2000, the Local Authorities Pension Plan reported a surplus of $883,823 (1999 - $880,358).

26. SUBSEQUENT EVENTS

On April 20, 2001, the Minister of Health and Wellness announced boundary adjustments for certain Regional Health Authorities. The changes affecting the Mistahia Regional Health Authority are as follows:

Affected Area	Transfers from	Rationale
Fox Creek (part of MD 16)	Aspen Health Authority	Consolidates Municipal District 16
Parts of MD 21	Peace Health Authority	Consolidates Municipal District 21
Parts of MD 19	Peace Health Authority	Consolidates Municipal District 19

Affected Area	Transfers to	Rationale
Grimshaw and Berwyn (Part of MD 135)	Peace Health Authority	Consolidates Municipal District 135
Parts of MD 22	Peace Health Authority	Consolidates Municipal District 22

The most significant aspects of the above boundary adjustments are that the Mistahia Regional Health Authority assumes responsibility for the Fox Creek Health Centre from the Aspen Health Authority and transfers responsibility for the Grimshaw/Berwyn & District Hospital to the Peace Health Authority.

27. COMPARATIVE FIGURES

Certain 2000 figures have been reclassified to conform to 2001 presentation.

28. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Authority.

MISTAHIA REGIONAL HEALTH AUTHORITY

Schedule 1

Expenses by Object of Expenditure

Year ended March 31, 2001
(thousands of dollars)

	2001		2000
	Budget (Note 14)	Actual	Actual (as restated - Note 3)
Salaries, benefits, allowances and severance (Schedule 2)	$ 66,134	$ 63,972	$ 58,779
Contracts with health service operators (Note 24)	3,031	3,067	2,922
Drugs, gases, medical and surgical supplies	4,460	4,903	4,438
Consulting services	3,866	4,368	3,528
Supplies, minor equipment and expenses	16,119	19,667	17,507
Amortization:			
Internally funded equipment	719	678	685
Externally funded equipment	1,142	1,337	1,088
Internally funded facilities and improvements	146	49	139
Externally funded facilities and improvements	4,252	4,739	4,048
Loss (gain) on disposal of capital assets	-	23	(54)
	99,869	102,803	93,080
Less amounts reported in ancillary operations (Note 17)	-	95	82
	$ 99,869	$ 102,708	$ 92,998

MISTAHIA REGIONAL HEALTH AUTHORITY

Schedule 2

Salaries, Honoraria, Benefits, Allowances and Severance

Year ended March 31, 2001
(thousands of dollars)

	2001							2000			
					Severance						
	Number of Individuals (1)	Salaries and Honoraria (2)	Benefits and Allowances (3)	Sub-total	Number of Individuals	Amount	Total	Number of Individuals (1)	Salaries, Honoraria and Benefits (2)	Severance	Total
AUTHORITY/BOARD COMPENSATION (Note 5)											
Official Administrators											
Ric Forest	0.50	$ 15	$ -	$ 15	-	$ -	$ 15	-	$ -	$ -	$ -
Brian Spooner (Note 6)	0.12	29	-	29			29	-	-		-
RHA Chairperson											
John Simpson	0.50	17	2	19			19	1.00	27	-	27
RHA Members											
Ted Bowers	0.50	10	-	10			10	1.00	13		13
Gail Briggs	0.50	9	1	10			10	1.00	17		17
Judy Campbell	0.50	11	2	13			13	1.00	19		19
Mildred Chowace	0.50	7	-	7			7	1.00	14		14
Jean Connolley	0.50	9	2	11			11	1.00	19		19
Dennis Grant	0.50	9	2	11			11	1.00	11		11
Patricia Jacobs	0.50	8	-	8			8	1.00	10		10
William McGregor	0.50	10	2	12			12	1.00	15		15
Lucille Partington	0.50	9	1	10			10	1.00	13		13
Virginia Smith	0.50	9	2	11			11	1.00	14		14
TOTAL HONORARIA	6.12	$ 152	$ 14	$ 166	-	$ -	166	11.00	$ 172	$ -	$ 172

MISTAHIA REGIONAL HEALTH AUTHORITY

Schedule 2

Salaries, Honoraria, Benefits, Allowances and Severance (continued)

Year ended March 31, 2001
(thousands of dollars)

	2001							2000			
					Severance						
	Number of Individuals (1)	Salaries and Honoraria (2)	Benefits and Allowances (3)	Sub-total	Number of Individuals	Amount	Total	Number of Individuals (1)	Salaries, Honoraria and Benefits (2)	Severance	Total
TOTAL HONORARIA (BROUGHT FORWARD)	6.12	$ 152	$ 14	$ 166	-	$ -	$ 166	11.00	$ 172	$ -	$ 172
STAFF COMPENSATION											
Interim Chief Executive Officer (Note 6)	0.38	181	2	183			183	-	-		-
Chief Executive Officer (Note 6)	0.62	87	7	94	1	177	271	1.00	131		131
Management persons reporting to the CEO											
Vice President, Acute Care Services & QEII Hospital	0.55	50	9	59	1	212	271	1.00	106		106
Vice President, Continuing Care & Community Services	1.00	98	13	111			111	1.00	104		104
Vice President, Support Services	1.00	98	13	111			111	1.00	104		104
Vice President, Human Resources & Corporate Services	0.83	94	17	111	1	205	316	1.00	104		104
Vice President, Finance & Information Management	1.00	97	13	110			110	1.00	106		106
Medical Officer of Health	1.00	168	13	181			181	1.00	130		130
Regional Medical Director	1.00	143	13	156			156	0.47	74		74
Other management persons reporting to those above (avg. 2001 $61, avg. 2000 $77) (excluding severance)	23.23	1,646	230	1,876	2	288	2,164	23.30	1,786		1,786
Other management (avg. 2001 $70, avg. 2000 $68) (excluding severance)	42.83	2,628	387	3,015			3,015	41.04	2,806	105	2,911
Registered nurses not included above (avg. 2001 $56, avg. 2000 $53) (excluding severance)	459.95	22,605	3,154	25,759			25,759	450.58	23,838	15	23,853
Other Health Technical and Professionals (avg. 2001 $57, avg. 2000 $53) (excluding severance)	180.86	8,960	1,319	10,279			10,279	174.31	9,228		9,228
Unregulated Health Service Providers (avg. 2001 $29, avg. 2000 $28) (excluding severance)	161.66	4,205	505	4,710			4,710	155.60	4,340		4,340
Other Staff (avg. 2001 $37, avg. 2000 $36) (excluding severance)	439.63	14,018	2,158	16,176	5	73	16,249	433.84	15,609	21	15,630
TOTAL	1,221.66	$ 55,130	$ 7,867	$ 63,017	10	$ 955	$ 63,972	1,297.14	$ 58,638	$ 141	$ 58,779

MISTAHIA REGIONAL HEALTH AUTHORITY Schedule 2

Salaries, Honoraria, Benefits, Allowances and Severance (continued)
Year ended March 31, 2001
(thousands of dollars)

1. Full-time equivalent (FTE) has been determined as follows:

	Hours
UNA contract staff	1,920.75
Health Unit contract staff	1,827.00
All other contracts and excluded staff	2,022.75

Total actual discrete number of individuals employed: 2001 – 1,731; 2000 - 1,697.

2. Salaries and honoraria include regular base pay, overtime, lump-sum payments, honoraria and any other direct cash remuneration including sick leave, short-term disability and vacation.

3. Benefits and allowances include the employer's share of all employee benefits and contributions made on behalf of employees, including pension, health care, dental coverage, out-of-country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, unemployment insurance, workers' compensation, car benefits and allowances and tuition.

4. Severance includes all monies paid directly or on behalf of an employee upon termination, which are not included in salaries and benefits. The number of individuals receiving severances disclosed in the schedule is the discrete number of individuals.

5. On October 5, 2000, the Minister of Health and Wellness accepted the resignation of the Authority's board members and appointed two official administrators in their place.

6. On November 14, 2000, Mr. Brian Spooner, Official Administrator, was appointed Interim Chief Executive Officer following the resignation of the Chief Executive Officer.

7. The total amount is reported in Schedule 1 (Schedule of Expenses by Object of Expenditure).

MISTAHIA REGIONAL HEALTH AUTHORITY Schedule 3

Three Year Summary of Revenues and Expenses

Period commencing April 1, 1998
(thousands of dollars)

	Actual		
	2001	2000 (as restated - Note 3)	1999 (as restated - Note 3)
REVENUES			
Alberta Health and Wellness contributions	$ **87,424**	$ 78,122	$ 69,588
Other government contributions	**474**	476	495
Fees and charges	**7,974**	7,606	7,292
Ancillary operations - net	**372**	336	328
Donations	**110**	93	130
Investment and other income	**2,498**	2,151	2,069
Amortization of external capital contributions	**6,086**	5,136	5,531
	104,938	93,920	85,433
EXPENSES			
Facility-based in-patient acute services	**23,932**	21,847	20,496
Facility-based emergency and out-patient services	**6,652**	5,788	5,409
Facility-based continuing care services	**8,567**	7,875	7,288
Community and home-based services	**5,941**	5,521	4,927
Diagnostic and therapeutic services	**18,353**	16,664	16,101
Promotion, prevention and protection services	**4,055**	3,359	3,122
Research and education	**4**	78	81
Administration	**7,470**	5,538	5,375
Information technology and wel/net	**1,979**	1,747	1,786
Y2K remedial costs	**234**	1,180	273
Support services	**20,733**	19,214	18,624
Amortization of facilities and improvements	**4,788**	4,187	4,146
	102,708	92,998	87,628
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	$ **2,230**	$ 922	$ (2,195)

Note: No adjustments are required for pro-forma figures.

PEACE REGIONAL HEALTH AUTHORITY

FINANCIAL STATEMENTS

MARCH 31, 2001

Statement of Management Responsibility

Auditor's Report

Statement of Financial Position

Statement of Operations

Statement of Changes in Net Assets

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 – Schedule of Expenses by Object

Schedule 2 – Schedule of Salaries, Honoraria, Benefits, Allowances and Severance

Schedule 3 – Three Year Summary of Revenue and Expenses

PEACE REGIONAL HEALTH AUTHORITY

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

FINANCIAL STATEMENTS

MARCH 31, 2001

The accompanying financial statements are the responsibility of management and have been approved by the Authority. The financial statements were prepared in accordance with Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgments.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority has established a code of ethics and corporate directives, which require communication of the code to employees.

The Authority members carry out their responsibility for the financial statements through the Board. This Committee meets with management and the external auditor, **the Auditor General of Alberta** to discuss and review financial matters, and recommends the financial statements to the Peace Health Authority Board for approval. The external auditor has full and free access to the Board.

The external auditor, the Auditor General of Alberta, provides an independent audit of the financial statements. Their examination is conducted in accordance with Generally Accepted Auditing Standards and includes tests and other procedures, which allow them to report on the fairness of the financial statements prepared by management.

Brian Hrab
Chief Executive Officer

K. Ruyselaar
Kathy Ruyselaar
Chief Financial Officer

AUDITOR GENERAL
Alberta

AUDITOR'S REPORT

To the Members of the Board of Peace Regional Health Authority
and the Minister of Health and Wellness

I have audited the statement of financial position of the Peace Regional Health Authority ("the Authority") as at March 31, 2001 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2001 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Peter Valentine FCA
Auditor General

Edmonton, Alberta
June 15, 2001

PEACE REGIONAL HEALTH AUTHORITY
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2001
(thousands of dollars)

	2001	2000 (as restated-note 3)
ASSETS		
Current:		
Cash and temporary investments (Note 4)	$ 4,337	$ 1,318
Accounts receivable	435	372
Contributions receivable	336	668
Inventories	170	195
Prepaid expenses	69	184
Other assets (Note 7)	4	4
	5,351	2,741
Non-current cash and investments (Note 5)	11,342	9,932
Capital assets (Note 6)	43,717	32,071
Other assets (Note 7)	236	240
TOTAL ASSETS	$ 60,646	$ 44,984
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable	$ 2,804	$ 272
Accrued vacation pay	1,304	1,142
Deferred contributions (Note 8)	49	65
	4,157	1,479
Deferred contributions (Note 8)	155	155
Deferred capital contributions (Note 9)	9,137	7,727
Unamortized external capital contributions (Note 10)	41,212	29,678
	54,661	39,039
Net assets:		
Unrestricted (Note 11)	1,430	1,502
Internally restricted (Note 12)	2,050	2,050
Investment in capital assets	2,505	2,393
Operating net assets	5,985	5,945
TOTAL LIABILITIES AND NET ASSETS	$ 60,646	$ 44,984

The accompanying notes and schedules are part of these financial statements.

PEACE REGIONAL HEALTH AUTHORITY
STATEMENT OF OPERATIONS
MARCH 31, 2001
(thousands of dollars)

	2001 Budget (Note 14)	2001 Actual	2000 Actual (as restated-note 3)
Revenue			
Alberta Health and Wellness contributions (Note 15)	$ 22,685	$ 23,676	$ 21,955
Other government contributions (Note 16)	-	285	20
Fees and charges	1,512	1,499	1,553
Ancillary operations, net (Note 17)	72	78	56
Donations	-	15	135
Investment and other income (Note 18)	732	989	857
Amortization of external capital contributions (Note 10)	1,032	1,273	1,021
Gain on disposal of capital assets	-	-	15
TOTAL REVENUE	26,033	27,815	25,612
Expenses (Schedule 1)			
Facility-based inpatient acute services	4,805	5,118	4,717
Facility-based emergency and outpatient services	803	944	836
Facility-based continuing care services	3,649	3,803	3,736
Community and home based services	1,527	1,678	1,434
Diagnostic and therapeutic services	4,346	4,751	4,166
Promotion, prevention and protection services	1,732	1,841	1,578
Research and education	44	12	61
Administration (Note 19)	1,718	1,818	1,704
Information technology and wellnet (Note 20)	318	708	347
Y2K remedial costs	-	-	213
Support services (Note 21)	5,834	6,351	5,740
Amortization of facilities and improvements	1,032	751	762
TOTAL EXPENSES	25,808	27,775	25,294
Excess of revenue over expenses	$ 225	$ 40	$ 318

PEACE REGIONAL HEALTH AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
MARCH 31, 2001
(thousands of dollars)

	2001 Operating Unrestricted (Note 11)	2001 Operating Internally Restricted (Note 12)	2001 Invested in Capital Assets	2001 Total Operating	2000 (as restated - note 3) Total
Excess of revenue over expenses	$ 40	$ -	$ -	$ 40	$ 318
Capital assets purchased with internal funds	(545)	-	545	-	-
Amortization on internally funded capital assets	433	-	(433)	-	-
Net change to unrestricted net assets	(72)				
Balance at beginning of year *as restated* (Note 3)	1,502	2,050	2,393	5,945	5,627
Balance at end of year	$ 1,430	$ 2,050	$ 2,505	$ 5,985	$ 5,945

PEACE REGIONAL HEALTH AUTHORITY
STATEMENT OF CASH FLOWS
MARCH 31, 2001
(thousands of dollars)

	2001		2000
	Budget	Actual	Actual (as restated-note 3)
Cash generated from (used by):			
Operating activities			
Excess of revenue over expense	$ 225	$ 40	$ 318
Non-cash transactions:			
Amortization of capital equipment - internally funded	452	433	361
- externally funded	58	533	270
- facilities and improvements	974	751	762
Amortization of external capital contributions	(1,032)	(1,284)	(1,032)
Loss (gain) on disposal of capital equipment	-	-	(15)
	677	473	664
Change in non-cash working capital account (Note 22)	335	3,087	(701)
Cash generated from (used by) operations	1,012	3,560	(37)
Investing activities:			
Other assets - repayment of long-term advance	-	4	3
Purchase of capital assets:			
internally funded	(1,280)	(545)	(466)
externally funded (Note 9) - equipment	(5,000)	(4,475)	(777)
- facilities & improvements	-	(8,343)	(10,474)
Proceeds on disposal of capital assets	-	-	25
Allocations to non-current cash	-	(1,410)	(3,600)
Cash used by investing activities	(6,280)	(14,769)	(15,289)
Financing activities:			
Capital contributions received (Note 9)	6,281	14,228	14,696
Cash generated from financing activities	6,281	14,228	14,696
Increase (decrease) in cash and temporary investments	1,013	3,019	(630)
Cash and temporary investments, beginning of year	2,128	1,318	1,948
Cash and temporary investments, end of year	$ 3,141	$ 4,337	$ 1,318

PEACE REGIONAL HEALTH AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2001

Note 1 Authority, Purpose and Operations

The Peace Regional Health Authority (the "Authority") was established on June 24, 1994 under the authority of the Regional Health Authority Act, Chapter R-9.07, and Statutes of Alberta 1994. The Authority is exempt from payment of income tax and is a registered charity under the Income Tax Act.

The Authority is responsible for delivering appropriate, accessible and affordable health services in Alberta. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well-being.

Operations of the Authority include the following facilities and sites:

Manning Community Health Centre
Peace River Community Health Centre
McLennan Community Health Centre

Note 2 Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles and the reporting requirements of Financial Directive 18 issued by Alberta Health and Wellness. Following are the significant accounting policies:

(a) Basis of Presentation

These financial statements have been prepared using the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year they become receivable.

(ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year when related expenses are incurred.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(a) Basis of Presentation (continued)

(iii) Externally restricted capital contributions are recorded as deferred contributions until the amount is invested in capital assets. Amounts invested representing externally funded capital assets are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

(iv) Endowments and restricted contributions to purchase capital assets which will not be amortized are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year it is earned.

(vi) Investment income subject to external restrictions is, depending on the nature of the restriction, recorded as a direct increase to net assets, or is deferred and recognized as revenue in the year the related expenses are incurred.

(vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(b) Full cost

The Authority accounts for all costs and revenues related to services carried out for which it is responsible.

The fair values of costs of services are recorded. Fair value transactions recorded consist of the following:

(i) Revenue earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as fees and charges of the Authority. An equivalent amount is recorded as contracted health service operator expense of the Authority.

(ii) Payments from Alberta Health and Wellness directly to contracted health service operators are recorded as revenue and an equivalent amount recorded as program expenses as these payments represent part of the cost of the Authority's health programs.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(b) Full cost (continued)

(iii) The fair value for use of acute care facilities not owned by the Authority is recorded as revenue from other government contributions or from donations, and also recorded as program expense, since contract payments from the Authority do not include an amount for use of these facilities.

(iv) The fair value for use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expenses.

(v) Other assets, supplies and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers contribute a significant amount of time each year to assist the Authority in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenue and expenses in the financial statements because fair value cannot be reasonably determined.

(c) Employee Future Benefits

The Authority participates in the Local Authorities Pension Plan. This is a multi-employer defined benefit pension plan that provides pensions for the Authority's participating employees, based on years of service and earnings.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the authority has insufficient information to apply defined benefit plan accounting.

Pension costs included in these financial statements comprise the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plans. The Authority's portion of the pension plans' deficit or surplus is not recorded by the Authority.

The Authority fully accrues its obligations for employee non-pension future benefits.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(d) Investments

Temporary investments are recorded at lower of cost and market.

Non-current investments are recorded at cost. Cost includes the amount of applicable amortization of discount or premium using the straight-line method over the period to maturity. The cost of disposal is determined on the average cost basis. Gains or losses realised on disposal are recognized in the period of disposal.

Where there has been a loss in the value of an investment other than a temporary decline, the investment is written down to recognize the loss. The written down value is deemed to be the new cost.

(e) Financial Instruments

The carrying value of accounts receivable, contributions receivable, accounts payable and accrued liabilities approximates their fair value because of the short-term maturity of these items.

(f) Inventories

Inventories are valued at the lower of cost or net realizable value.

(g) Capital Assets

Capital assets and construction projects in progress are recorded at cost. Capital assets costing less than $5,000 are expensed.

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful Life
Buildings	40 years
Land improvements	20 years
Building service equipment	20 years
Equipment and vehicles	5-20 years

Construction projects in progress are not amortized until the project is complete.

Note 3 Change in Accounting Policy

(thousands of dollars)

Pension obligation

The Authority has changed its method of accounting for its participation in multi-employer defined benefit pension plans. The Authority now records pension expense equivalent to its annual contributions payable during the year. The Authority's portion of the pension plans' deficit or surplus is not recorded by the Authority. This change in accounting policy has been applied retroactively with restatement of comparative amounts. As a result of the change in accounting policy, the Authority's financial statements for the year ended March 31, 2000 have been restated as follows:

	2000		
	As previously Stated	Adjustment	As Restated
Net assets at beginning of year	$5,513	$114	$5,627
Net assets at end of year	$5,876	$69	$5,945
Pension liability	$69	$(69)	$-
Excess of revenue over expense	$363	$(45)	$318

Note 4 Cash and Temporary Investments

	2001	2000
	(thousands of dollars)	
Cash	$11,064	$ 6,810
Guaranteed investment certificates	4,615	4,440
	$15,679	$11,250

Cash includes amounts totalling $790,000 (2000 - $356,000) held in current accounts and earning interest at prime minus 2.25%. The remaining cash represents certain unspent restricted contributions, mainly for capital construction, and interest accrues to the contributor.

Guaranteed investment certificates are as follows;

$ 925,094	at 4.71% matures monthly.
3,689,752	at an average rate of 6% matures on November 9, 2004.
$4,614,846	

Guaranteed investment certificates are guaranteed by the province of Alberta.

Note 4 **Cash and Temporary Investments (continued)**

Cash and investments are presented on the statement of financial position as follows

	2001	2000
	(thousands of dollars)	
Cash and temporary investments	$ 4,337	$ 1,318
Non-current cash and investments (Note 5)	11,342	9,932
	$15,679	$11,250

Income and financial returns are exposed to credit and price risks. Credit risk relates to the possibility that a loss may occur when another party fails to perform according to terms of the contract. Price risk comprises interest rate risk and market risk. Interest rate risk relates to the possibility that investments will change in value with future fluctuations in market interest rates. Market risk relates to the possibility that investments will change in value due to fluctuations in market prices.

To earn optimal financial returns at an acceptable level of risk, management has invested in a five-year term certificate.

Note 5 **Non-current Cash and Investments**
(thousands of dollars)

Non-current cash and investments represent the following:

	2001	2000 (as restated - note 3)
Externally restricted for capital acquisitions	$ 9,137	$ 7,727
Externally restricted for Healthy Aging Partnership Initiatives	155	155
Internally restricted for capital acquisitions	785	785
Internally restricted for community capital funds	1,265	1,265
	$11,342	$ 9,932

Note 6 **Capital Assets**
(thousands of dollars)

	2001			2000
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 1,005	$ -	$ 1,005	$ 1,005
Land Improvements	839	835	4	7
Buildings	31,874	16,946	14,928	15,677
Equipment	10,255	5,643	4,612	2,305
Construction in Progress	23,168	-	23,168	13,077
	$67,141	$23,424	$43,717	$32,071

Capital assets have been funded from the following sources:

	2001	2000
Externally funded *(unamortized external capital contributions)*	$41,212	$29,678
Internally funded *(invested in capital assets)*	2,505	2,393
	$43,717	$32,071

Note 7 **Other Assets**

The Authority has advanced $250,000 to the Falher and Area Community Association for professional services to facilitate the construction of a medical clinic. The advance is secured by a first charge on the land, building, furniture and equipment, and a general security agreement. Repayment terms require blended monthly payments of $1,448 principal and interest at the rate of 5.75%, with an interest renewal date in March of the year 2003. The advance is repayable over thirty years.

	2001	2000
	(thousands of dollars)	
Current portion	$ 4	$ 4
Long term portion	236	240
Total amount due to the Authority	$ 240	$ 244

Principal repayments in the next five years are as follows:

2002	$4,009
2003	4,243
2004	4,490
2005	4,752
2006	5,323

Note 8 **Deferred contributions**

	2001	2000
	(thousands of dollars)	
Amounts received from:		
Other government	$ 54	$ 20
Alberta Health and Wellness	-	155
Amounts recognized as revenue:		
Alberta Health and Wellness (Note 15)	(12)	(201)
Other government (Note 16)	(160)	(20)
Amounts refunded to contributors	(18)	-
Amounts transferred from deferred capital contributions (Note 9)	120	137
Change during the year	(16)	91
Balance, beginning of year	220	129
	$ 204	$ 220

Unspent amounts at the end of the year are restricted for the following purposes:

	2001	2000
Current:		
Inpatient records	$ 20	$ 40
Software licenses	4	-
Archival blood project	25	-
Nurse calling station	-	25
	49	65
Non Current:		
Healthy Aging	155	155
	$ 204	$ 220

Note 9 **Deferred Capital Contributions**

The deferred capital contributions balance represents amounts accounted for in accordance with the accounting policy described in Note 2a (ii).

	2001	2000
	(thousands of dollars)	
		(as restated -note 3)
Amounts received:		
Restricted Alberta Health and Wellness contributions	$ 2	$ 771
Restricted other government contributions	14,259	13,800
Transferred to deferred contributions (Note 8)	(120)	(137)
Donations restricted for capital purposes	87	262
	14,228	14,696
Transferred to:		
Unamortized external capital contributions	(12,818)	(11,251)
Change during the year	1,410	3,445
Balance, beginning of year	7,727	4,282
Balance, end of year	$ 9,137	$ 7,727

Balance at the end of the year is restricted for the following purposes:

	2001	2000
New construction	$ 7,701	$ 6,454
Community Funds restricted for capital purposes	810	799
Equipment replacement	626	474
	$ 9,137	$ 7,727

Note 10 Unamortized External Capital Contributions

Unamortized external capital contributions reflect transactions accounted in accordance with the accounting policy described in Note 2a (ii). The balance at the end of year represents the external capital contribution that will be recognized as revenue in future years.

	2001	2000
	(thousands of dollars)	
Balance at beginning of year	$ 29,678	$ 19,459
Add amounts transferred from deferred capital contributions (Note 9)	12,818	11,251
Less amounts recognized as revenue	(1,284)	(1,032)
	$ 41,212	$ 29,678

Amortization of external capital contributions recognized revenue as follows:

	2001	2000
Health Operations	$ 1,273	$ 1,021
Ancillary Operations (Note 17)	11	11
	$ 1,284	$ 1,032

Note 11 Unrestricted and internally restricted net assets

(thousands of dollars)

The balance of unrestricted and internally restricted net assets can be analyzed as follows:

	2001	2000 (as restated -note 3)
Unrestricted and internally restricted net assets at regionalization - April 1, 1995	$ 2,788	$ 2,788
Changes since regionalization:		
Cumulative operating surplus	2,647	2,607
Invested in capital assets (net of amortization)	(1,955)	(1,843)
	$ 3,480	$ 3,552
Balance		
Unrestricted	$ 1,430	$ 1,502
Internally restricted	2,050	2,050
	$ 3,480	$ 3,552

Note 12 Internally restricted net assets

The Authority has internally restricted the following amounts for:

	2001	2000
	(thousands of dollars)	
Future equipment replacement	$ 785	$ 785
Community funds restricted for capital purposes	1,265	1,265
	$ 2,050	$ 2,050

Note 13 Commitments and Contingencies

The Authority is replacing the Peace River Community Health Centre with a new facility estimated to cost $27 million. The Minister of Health and Wellness and the Minister of Infrastructure have committed the Province to full funding support. At March 31, 2001, the Authority has expended approximately $21.7 million in construction costs and has unspent funds of $5.3 million provided by Alberta Infrastructure.

Note 14 Budget

	Approved Budget[1]	Additional Funding [2]	Reported Budget
	(thousands of dollars)		
Revenue			
Alberta Health and Wellness contributions	$ 22,567	$ 118	$ 22,685
Other government contributions			
Fees and charges	1,512		1,512
Ancillary operations, net	72		72
Donations			
Investment and other revenue	732		732
Amortization of deferred capital contributions	1,032		1,032
	25,915	118	26,033
Expenses			
Facility based inpatient services	4,805		4,805
Facility based emergency and outpatient services	803		803
Facility based continuing care services	3,649		3,649
Community and home based services	1,527		1,527
Diagnostic and therapeutic services	4,346		4,346
Promotion, prevention and protection services	1,732		1,732
Research and education	44		44
Administration	1,718		1,718
Information technology and we//net	318		318
Y2K remedial costs			
Support services	5,834		5,834
Amortization of facilities and improvements	1,032		1,032
	25,808		25,808
Excess of revenue over expense	$ 107	$ 118	$ 225

(1) The budget was approved by the Board of the Authority on April 5, 2000, and submitted to the Minister of Health and Wellness.

(2) In November, 2000, the Minister of Health and Wellness provided additional funding. These additional resources were allocated by the Board to address funding expectations.

Note 15 Alberta Health and Wellness Contributions

	2001 Budget	2001 Actual	2000 Actual
	(thousands of dollars)		
Unrestricted contributions	$ 22,685	$23,664	$21,754
Transfers from deferred contributions (Note 8)	-	12	201
	$ 22,685	$23,676	$21,955

Note 16 Other Government Contributions

	2001 Budget	2001 Actual	2000 Actual
	(thousands of dollars)		
Alberta Infrastructure (Note 8)	$ -	$ 160	$ 20
Federal Government	-	125	-
	$ -	$ 285	$ 20

Note 17 Ancillary Operations

	2001				2000	
	Non-Patient Food Services Operations	Rental Operations	Parking Operations	Total	Budget	Total
	(thousands of dollars)					
Revenue						
Revenue	$ 283	$ 54	$ 8	$ 345	$ 377	$ 368
Amortization of deferred capital contributions	11	-	-	11	11	11
	294	54	8	356	388	379
Expenses						
Amortization	20	-	-	20	25	25
Other expenses	213	28	17	258	291	298
	233	28	17	278	316	323
Excess (deficiency) of revenue over direct expenses 2000-01	$ 61	$ 26	$ (9)	$ 78	$ 72	$ 56
Excess (deficiency) of revenue over direct expenses 1999-00	$ 69	$ -	$ (13)	$ 56	$ 20	

Note 18 Investment and other income

	2001		2000
	Budget	Actual	Actual
	(thousands of dollars)		
Other unrestricted investment income	$ 350	$ 350	$ 328
Other income	382	639	529
	$ 732	$ 989	$ 857

Investment income is comprised of interest on guaranteed investment certificates. Other income is comprised of miscellaneous recoveries, and miscellaneous fees for services rendered by the Authority.

Note 19 Administration

	2001		2000
	Budget	Actual	Actual
	(thousands of dollars)		
General Administration	$ 1,174	$ 1,234	$1,177
Finance	368	376	364
Personnel	176	208	163
	$1,718	$1,818	$1,704

Note 20 Information technology and Alberta we//net

	2001		2000
	Budget	Actual	Actual
	(thousands of dollars)		
Alberta Wellnet	$ 100	$ 100	$102
Information systems support	218	608	245
	$ 318	$ 708	$347

Alberta We//net is the province-wide, strategic initiative to build a health information network. The initiative brings together a broad spectrum of health professionals into multi-disciplinary teams to put information technology to work to improve health service delivery to all Albertans. Alberta we//net brings together doctors, nurses, regional health authorities, pharmacists, the Alberta Cancer Board, the Alberta Mental Health board, universities and faculties of medicine, a national health information institute and Alberta Health and Wellness in the planning and implementation of the network.

The Authority's contribution has been applied towards planning and pre-development activities that will produce clinical and administrative deliverables beginning in 2000-01, or to develop applications to support we//net initiatives. In accordance with generally accepted accounting principles, all expenditures have been expensed.

Note 21 Support services

	2001		2000
	Budget	Actual	Actual
	(thousands of dollars)		
Amortization	$ 168	$ 189	$ 132
Building maintenance, operations and security	1,297	1,523	1,314
Communications	250	265	262
Education	188	153	178
Housekeeping	798	828	791
Laundry and linen	380	452	386
Materials management	334	369	331
Patient food services	1,317	1,364	1,268
Patient health records	846	789	743
Patient transportation	196	361	271
Volunteer services	60	58	64
	$5,834	$6,351	$ 5,740

Note 22 Change in Non-Cash Working Capital Accounts

	2001	2000
	(thousands of dollars)	
Accounts receivable/Contributions receivable	$ 269	$ (737)
Inventories	25	40
Prepaid expenses	115	(158)
Accounts payable	2,532	18
Accrued vacation pay	162	45
Current portion of deferred contributions	(16)	91
	$ 3,087	$ (701)

Note 23 Related Parties

(a) Province of Alberta

The Authority is established under the Regional Health Authorities Act. The Minister of Health and Wellness appoints the members of the authority. Transactions between the Authority and the Province are disclosed in the Statement of Operations and in notes 8,9,15, and 16 to the financial statements.

(b) Ladies Auxiliary Gift Shop

The Ladies Auxiliary operates gift shops and donates funds to the Authority. The amounts related to these activities are not material in context of the Authority's operations.

Note 24 Pension Costs

The Authority participates in the Local Authorities Pension Plan and Public Service Pension Plan which are multi-employer defined benefit plans. The pension expense recorded in these financial statements is equivalent to the Authority's annual contributions payable of $651,170 for the year ended March 31, 2001 (2000 - $601,098).

At December 31, 2000, the Local Authorities Pension Plan reported a surplus of $683,823,000 (1999 $880,358,000).

Note 25 Subsequent Event

Subsequent to the year-end, the Authority boundaries were realigned by the Minister of Health and Wellness pursuant to Ministerial Order 56/2001. This results in an increase in the geographic size of the region and the operation of another hospital. The estimated financial effect for the 2000/2001 fiscal year cannot be determined at this time.

Note 26 Measurement Uncertainty

The financial statements by their nature contain estimates and are subject to measurement uncertainty. The accounts recorded for amortization of capital assets and amortization of external capital contributions are based on estimates of the useful life of the related assets. The effect, on the financial statements, of changes in such that estimates in future periods could be significant.

Note 27 Comparative Figures

Certain 2000 figures have been reclassified to conform to the 2001 presentation.

Note 28 Approval of Financial Statements

These financial statements have been approved by the Authority.

Schedule 1

PEACE REGIONAL HEALTH AUTHORITY
SCHEDULE OF EXPENSES BY OBJECT
FOR YEAR ENDED MARCH 31, 2001
(thousands of dollars)

	Budget	2001	2000 (as restated-note 3)
Salaries, benefits, allowances and severance (Schedule 2)	$ 16,837	$ 18,704	$ 17,238
Drugs, gases, medical and surgical supplies	706	986	759
Consulting services	942	792	1,023
Other	5,538	5,854	5,204
Amortization:			
Capital equipment - internally funded	1,127	433	361
Capital equipment - externally funded	-	533	270
Facilities and improvements	974	751	762
	$ 26,124	$ 28,053	$ 25,617
Less amounts reported in ancillary operations (Note 17)	(316)	(278)	(323)
	$ 25,808	$ 27,775	$ 25,294

Schedule 2

PEACE REGIONAL HEALTH AUTHORITY
SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE
FOR THE YEAR ENDED MARCH 31, 2001

(thousands of dollars)

	2001				Severance			2000			
	Number of Individuals[1]	Salaries and Honoraria [2]	Benefits and Allowances[3]	Sub-total	Number of Individuals	Amount	Total	Number of Individuals[1]	Salaries, Benefits, Honoraria[2 3]	Severance	Total
Authority/Board Compensation											
RHA Chairperson Eric Wahl	1	$ 33		$ 33	-	-	$ 33	1	33		33
A. Allinson	1	4		4	-	-	4	1	4		4
D. Frith	1	7		7	-	-	7	1	7		7
K. Gall	1	8		8	-	-	8	1	8		8
D. Harbourne	1	10		10	-	-	10	1	10		10
C. Jones	1	9		9	-	-	9	1	9		9
B. Kruse	1	6		6	-	-	6	1	6		6
M. Laboucan	1	2		2	-	-	2	1	2		2
L. Meerö	1	7		7	-	-	7	1	7		7
F. Turcotte	1	4		4	-	-	4	1	4		4
Total honoraria	10	90	-	90	-	-	90	10	90	-	90
Staff											
Chief Executive Officer	1.0	92	14	106			106	1	102		102
Management person(s) reporting to the CEO											
Senior Team Manager	1.0	83	13	96			96	1	86		86
Senior Team Manager	1.0	83	13	96			96	1	86		86
Senior Team Manager	1.0	83	13	96			96	1	86		86
Senior Team Manager					1	2	2	0.82	71	21	92
Other management person(s) reporting to those above (avg. 2001 $76, avg. 2000 $66;	7	461	69	530			530	7	469		469
Regulated nurses not included above (avg. 2001 $60, avg. 2000 $55;	122.7	6,407	972	7,379			7,379	122.7	6,750		6,750
Other health technical and professionals (avg. 2001 $66, avg. 2000 $55;	46.8	2,711	412	3,123			3,123	46.8	2,559		2,559
Unregulated health service providers (avg. 2001 $30, avg. 2000 $28;	70.8	1,873	284	2,157	1	3	2,160	70.8	1,973	99	2,072
Other staff (avg. 2001 $33, avg. 2000 $32	149.8	4,380	641	5,021	1	5	5,026	149.8	4,846		4,846
Total	401.1	16,153	2,451	18,604	3	10	18,614	401.9	17,028	120	17,148
		$ 16,243	$ 2,451	$ 18,694		$ 10	$ 18,704		$ 17,118	$ 120	$ 17,238

Schedule 2 (continued)

SCHEDULE OF SALARIES, BENEFITS, ALLOWANCES AND SEVERANCE
FOR THE YEAR ENDED MARCH 31, 2001

1. Full time equivalent (FTE) is determined as follows:
   - a) For those employees governed by the UNA collective bargaining agreement, an FTE is considered to be 1920 hours of work per annum.
   - b) For those employees governed by the UNA Community collective bargaining agreement, an FTE is considered to be 1827 hours of work per annum.
   - c) For all other employees, an FTE is considered to be 2023 hours of work per annum.

   Total actual discrete number of individuals employed: 670 (2000 - 557)

2. Salaries include regular base pay, overtime, lumpsum payments, honoraria and any other direct cash remuneration including sick leave, short-term disability and vacation.

3. Benefits and allowances include the employers share of all employee benefits and contributions or payments paid or payable on behalf of employees including pension, health care, dental coverage, out-of-country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, unemployment insurance, workers compensation, car benefits and allowances and tuition.

4. Severance includes:

   All monies paid or payable directly or on behalf of an employee upon termination which are not included in salaries and benefits; and forgiveness of debt; future payments in the amount of $nil on existing contracts between the Authority/Board and the employee(s) for services that no longer will be provided by the employee; continued payment for Authority/Board share of benefits identified in 2 above, that will continue to be paid and outplacement training and counselling, office space and administrative support.

5. The total amount is reported in Schedule 1.

Schedule 3

PEACE REGIONAL HEALTH AUTHORITY
THREE YEAR SUMMARY OF REVENUE AND EXPENSES
(thousands of dollars)

	Actual		
	2001	2000 (as restated -note 3)	1999
Revenue			
Alberta Health and Wellness contributions	$ 23,676	$21,955	$20,101
Other government contributions	285	20	307
Fees and charges	1,499	1,553	1,524
Ancillary operations, net	78	56	54
Donations	15	135	-
Investment and other income	989	857	892
Amortization of external capital contributions	1,273	1021	1120
Gain on disposal of capital assets	-	15	-
TOTAL REVENUE	$27,815	$25,612	$23,998
Expenses			
Facility-based inpatient acute services	5,118	4,717	4,474
Facility-based emergency and outpatient services	944	836	816
Facility-based continuing care services	3,803	3,736	3,701
Community and home-based services	1,678	1,434	1,315
Diagnostic and therapeutic services	4,751	4,166	3,609
Promotion, prevention and protection services	1,841	1,578	1,522
Research and education	12	61	71
Administration	1,818	1,704	1,609
Information technology and we//net	708	347	255
Y2K remedial costs	-	213	125
Support services	6,351	5,740	5,682
Amortization of facilities and improvements	751	762	987
Capital assets write down	-	-	61
TOTAL EXPENSES	$ 27,775	$ 25,294	$ 24,227
Excess (deficiency) of revenue over expense	$ 40	$ 318	$ (229)

(1) A pro-forma summary of revenue and expenses is not presented as there have been no transfers of programs or boundary changes for which pro-forma adjustments are necessary

(2) The 1999 fiscal year results have not been restated as there was no change in the pension obligation for that year

Keeweetinok Lakes Regional Health Authority #15 Financial Statements

March 31, 2001

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Keeweetinok Lakes Regional Health Authority #15
Management's Responsibility for Financial Reporting
Financial Statements
March 31, 2001

The accompanying financial statements are the responsibility of management and have been approved by the Authority. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgements.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority has established a code of ethics and corporate directives, which require communication of the code to employees.

The Authority members carry out their responsibility for the financial statements through the Committee of the Whole. This Committee meets with management and the external auditor, the Auditor General of Alberta, to discuss and review financial matters and recommends the financial statements to the Keeweetinok Lakes Regional Health Authority #15 Board for approval. The Auditor General has full and free access to the Committee of the Whole.

The Auditor General of Alberta, provides an independent audit of the financial statements. His examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and other procedures, which allow them to report on the fairness of the financial statements prepared by management.

George Ubels
Acting Chief Executive Officer

Trevor McLeod
Chief Financial Officer

AUDITOR GENERAL
Alberta

AUDITOR'S REPORT

To the Members of the Keeweetinok Lakes Regional Health Authority
and the Minister of Health and Wellness

I have audited the statement of financial position of the Keeweetinok Lakes Regional Health Authority (the "Authority") as at March 31, 2001 and the statements of operations, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2001 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Peter Valentine FCA
Auditor General

Edmonton, Alberta
May 30, 2001

Keeweetinok Lakes Regional Health Authority #15
Statement of Financial Position

March 31, 2001

(Thousands of dollars)

	2001	2000 (as restated note 3)
Assets		
Current		
Cash (Note 4)	$ 1,586	$ 6,688
Accounts receivable	759	502
Contributions receivable	350	730
Inventories	235	226
Prepaid expenses	68	92
	2,998	8,238
Non-current cash and investments (Note 5)	7,085	1,851
Capital assets (Note 6)	29,925	30,546
	$ 40,008	$ 40,635
Liabilities		
Current		
Accounts payable	$ 919	$ 1,512
Accrued vacation pay	897	766
Deferred contributions (Note 7)	1,231	1,483
	3,047	3,761
Deferred contributions (Note 7)	---	534
Deferred capital contributions (Note 8)	1,408	229
Unamortized external capital contributions (Note 9)	26,813	27,678
	31,268	32,202
Net assets		
Unrestricted (Note 10)	4,250	3,943
Internally restricted (Note 11)	1,378	1,622
Investments in capital assets	3,112	2,868
	8,740	8,433
	$ 40,008	$ 40,635

The accompanying notes and schedules are part of these financial statements

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Keeweetinok Lakes Regional Health Authority #15
Statement of Operations

Year Ended March 31, 2001

(Thousands of dollars)

	2001		2000 (as restated Note 3)
	Budget (Note 12)	Actual	Actual
Revenue			
Alberta Health and Wellness contributions (Note 13)	$ 19,719	$ 19,940	$ 19,034
Other Government contributions (Note 14)	350	572	371
Fees and charges	1,050	1,838	1,124
Ancillary operations, net (Note 15)	-	(61)	141
Donations	226	297	53
Investment and other income (Note 16)	800	1,115	737
Amortization of external capital contributions	1,148	1,050	1,047
	23,293	24,751	22,507
Expenses (Schedule 1)			
Facility based inpatient acute services	4,074	4,082	3,412
Facility based emergency and outpatient services	1,911	2,132	2,067
Facility based continuing care services	1,436	1,649	1,116
Community and home based services	1,332	1,282	1,127
Diagnostic and therapeutic services	3,556	3,666	3,179
Promotion, prevention and protection services	1,995	1,800	1,831
Administration (Note 17)	1,387	1,445	1,290
Information technology and we//net (Note 18)	395	742	263
Y2K remedial costs	-	53	350
Support services (Note 19)	6,351	6,709	6,102
Amortization of facilities and improvements	849	884	847
	23,286	24,444	21,584
Excess of revenue over expenses	$ 7	$ 307	$ 923

The accompanying notes and schedules are part of the financial statements.

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Keeweetinok Lakes Regional Health Authority #15
Statement of Changes in Net Assets
March 31, 2001
(thousands of dollars)

	2001				2000 (as restated Note 3)
	Unrestricted (Note 10)	Internally Restricted (Note 11)	Invested in Capital Assets	Total	Total
Excess of revenue over expenses	$ 307	$	$	$ 307	$ 923
Capital assets purchased with internal funds		(1,232)	1,232		
Amortization on internally funded capital assets	988		(988)		
Transfer to internally restricted	(988)	988			
Net change to unrestricted net assets	$ 307				
Balance at beginning of year, as restated (Note 3)	3,943	1,622	2,868	8,433	7,510
Balance at end of year	$ 4,250	$ 1,378	$ 3,112	$ 8,740	$ 8,433

The accompanying notes and schedules are part of the financial statements

Keeweetinok Lakes Regional Health Authority #15
Statement of Cash Flows
Year Ended March 31, 2001
(thousands of dollars)

	2001		2000 (as restated Note 3)
	Budget (Note 12)	Actual	Actual
Cash generated from (used by)			
Operating activities			
Excess of revenue over expenses	$ 7	$ 307	$ 923
Non-cash transactions			
Amortization of capital equipment - internally funded	895	988	855
- externally funded	276	227	216
Amortization of facilities and improvements	872	864	872
Amortization of external capital contributions	(1,148)	(1,091)	(1,088)
	902	1,295	1,778
Change in non cash working capital account (Note 20)	(733)	(576)	251
Cash generated from operations	169	719	2,029
Investing activities			
Net change in non current cash and investments	72	(5,234)	(769)
Purchase of capital assets			
Internally funded - equipment	(967)	(1,232)	(240)
Externally funded - equipment	(663)	(81)	(231)
- facilities and improvements	-	(146)	(448)
Cash used by investing activities	(1,558)	(6,693)	(1,688)
Financing activities			
Capital contributions received (Note 8)	663	1,406	833
Principal payments on long term debt	-	-	-
Net change in non current deferred contributions	33	(534)	508
Cash generated by financing activities	696	872	1,341
Increase (decrease) in cash and temporary investments	(693)	(5,102)	1,682
Cash and temporary investments, beginning of year	6,688	6,688	5,006
Cash and temporary investments, end of year	$ 5,995	$ 1,586	$ 6,688

The accompanying notes and schedules are part of the financial statements

Keeweetinok Lakes Regional Health Authority #15
Notes to the Financial Statements
March 31, 2001

Note 1 Authority, Purpose and Operations

The Keeweetinok Lakes Regional Health Authority #15 (the "Authority") was established on June 24, 1994 under the authority of the Regional Health Authority Act, Chapter R-9.07, Statutes of Alberta 1994. The Authority is exempt from the payment of income tax and is also a registered charity under the Income Tax Act.

The Authority is responsible for the delivery of appropriate, accessible and affordable health services in Alberta. This responsibility includes the operating programs designed to promote, protect, maintain, restore and enhance physical and mental well being.

The operations of the Authority include the following facilities and sites:

- High Prairie Health Complex
- Slave Lake Health Complex
- Wabasca/Desmarais General Hospital
- J.B. Wood Extended Care Unit
- Keeweetinok Lakes Regional Health Authority #15 Ambulance Program
- Community Health Services Offices located at the following sites:

  - High Prairie
  - Slave Lake
  - Kinuso
  - Gift Lake
  - Red Earth Creek
  - Desmarais
  - Peerless Lake
  - Trout Lake

Note 2 Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Financial Directive 18 issued by Alberta Health and Wellness. The following are the significant accounting policies:

(a) Basis of Presentation

These financial statements have been prepared using the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year when received or receivable.

(ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year when related expenses are incurred.

(iii) Externally restricted capital contributions are recorded as deferred capital contributions until the amount is invested in capital assets. Amounts invested representing externally funded capital assets are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

Keeweetinok Lakes Regional Health Authority #15
Notes to the Financial Statements
March 31, 2001

(a) Basis of Presentation (continued)

(iv) Restricted contributions for the purchase of capital assets which will not be amortized are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year it is earned.

(vi) Investment income subject to external restrictions is, depending on the nature of the restrictions, recorded as a direct increase to net assets, or is deferred and recognized as revenue in the year the related expenses are incurred.

(vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(b) Full Cost

The Authority accounts for all costs and revenues related to services carried out for which it is responsible.

The fair values of costs of services are recorded. The fair value transactions recorded consist of the following:

(i) The fair value for the use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expenses.

(ii) Other assets, supplies and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when fair value can be reasonably determined. Volunteers contribute a significant amount of time each year to assist the Authority in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenue and expense in these financial statements because fair value can not be reasonably determined.

(c) Employee Future Benefits

The authority participates in the Local Authorities Pension Plan. This is a multi-employer defined benefit pension plan that provides pensions for the Authority's participating employees, based on years of service and earnings.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the authority has insufficient information to apply defined benefit plan accounting.

Pension costs included in these financial statements comprise the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plans. The authority's portion of the pension plan's deficit or surplus is not recorded by the Authority.

Keeweetinok Lakes Regional Health Authority #15
Notes to the Financial Statements
March 31, 2001

(d) Investments

Temporary investments are recorded at lower of cost and market.

Non-current investments are recorded at cost. Cost includes the amount of applicable amortization of discount or premium using the straight-line method over the period to maturity. The cost of disposal is determined on the average cost basis. Gains or losses realized on disposal are recognized in the period of disposal.

Where there has been a loss in the value of an investment other than a temporary decline, the investment is written down to recognize the loss. The written down value is deemed to be the new cost.

(e) Financial Instruments

The carrying value of accounts receivable, accounts payable and accrued liabilities approximates their fair book value because of the short-term maturity of these items.

(f) Inventories

Inventories are valued at the lower of moving average cost or net realizable value.

(g) Capital Assets

Capital assets and construction projects in progress are recorded at cost.

Capital assets costing less than $5,000 are expensed.

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful Life
Buildings	40 years
Land Improvements	20 years
Building service equipment	20 years
Vehicles and equipment	5-20 years

Construction projects in progress are not amortized until the project is complete

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Keeweetinok Lakes Regional Health Authority #15
Notes to the Financial Statements
March 31, 2001
(Thousands of dollars)

Note 3 Change in Accounting Policy

Pension Obligation

The Authority has changed its method of accounting for its participation in multi-employer defined benefit pension plans. The Authority now records pension expense equivalent to its annual contributions payable during the year. The Authority's portion of the pension plans' deficit or surplus is not recorded by the authority. This change in accounting policy has been applied retroactively with restatement of comparative amounts. As a result of the change in accounting policy, the Authority's financial statements for the year ended March 31, 2000 have been restated as follows:

	2000		
	As previously Stated	Adjustment	As Restated
Net assets as beginning of year	$ 7,445	$ 65	$ 7,510
Net assets at end of year	$ 8,389	$ 44	$ 8,433
Pension Liability	$ 44	$ (44)	$ 0
Excess of revenue over expense	$ 944	$ (21)	$ 923

Note 4 Cash

	2001	2000
Cash and non-current cash	$ 8,671	$ 8,539
Non-current cash (Note 5)	(7,085)	(1,851)
	$ 1,586	$ 6,688

Cash consists of amounts on deposit in interest-bearing accounts at major financial institutions. Interest rates vary in accordance with the prime rate.

Keeweetinok Lakes Regional Health Authority #15
Notes to the Financial Statements

March 31, 2001
(Thousands of dollars)

Note 5 Non-Current Cash and Investments

	2001	2000
Cash	2,791	1,851
Bonds	2,750	-
Equities	1,544	-
	$ 7,085	$ 1,851

(i) Income and financial returns are exposed to credit and price risks. Credit risk relates to the possibility that a loss may occur when another party fails to perform according to terms of the contract. Price risk comprises interest rate risk and market risk. Interest rate risk relates to the possibility that investments will change in value with future fluctuations in market interest rates. Market risk relates to the possibility that investments will change in value due to fluctuations in market prices.

To earn optimal financial returns at an acceptable level of risk, management has established a policy asset mix of 65% to 75% for fixed-income instruments and 25% to 35% equities. Risk is reduced through asset class diversification, diversification within each asset class and quality constraints on fixed-income and equity instruments.

(ii) Publicly traded fixed income instruments are managed with the objective of providing optimal returns while maintaining maximum security of capital. Return is optimized within risk constraints on the portfolio by management of portfolio duration and issuer mix.

Fixed-income securities, such as bonds, have an average effective yield of 6.25% per annum based on the market for securities maturing in a year, and 6.71% per annum for securities maturing between 1 and 10 years. As at March 31, 2001, the securities have the following term structure based on par

Under 1 year	6.25%
1 to 5 years	6.60%
5 to 10 years	6.76%
Over 10 years	--

(iii) Equities comprise publicly traded equities. Risk is reduced by prudent security selection and sector rotation.

(iv) Within the investment portfolio, there are securities of $4,294 at cost that are $240 in excess of market value. The carrying value of these securities has not been written down to market value because management has concluded, based on review of market information for the securities, that there is no obvious indication of material impairment that is other than temporary.

Keeweetinok Lakes Regional Health Authority #15
Notes to the Financial Statements

March 31, 2001
(Thousands of dollars)

Note 5 Non-Current Cash and Investments (continued)

Non Current cash and investments represent the following:

	2001	2000
Externally restricted for capital acquisitions	$ 1,408	$ 229
Internally restricted for capital acquisitions	1,378	1,622
Non-current investments	4,299	-
	$ 7,085	$ 1,851

Note 6 Capital Assets

	2001			2000
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 289	--	$ 289	$ 289
Buildings	33,868	8,685	25,183	25,931
Equipment & Vehicles	12,146	8,575	3,571	3,594
Land Improvements	592	440	152	147
Construction in Progress	730	---	730	585
	$ 47,625	$ 17,700	$ 29,925	$ 30,546

Capital assets have been funded from the following sources:

	2001	2000
Externally funded (unamortized external capital contributions)	$ 26,813	$ 27,678
Internally funded (invested in capital assets)	3,112	2,868
	$ 29,925	$ 30,546

Keeweetinok Lakes Regional Health Authority #15
Notes to the Financial Statements
March 31, 2001
(Thousands of dollars)

Note 7 Deferred Contributions

		2001		2000
Amounts received:				
Alberta Health and Wellness contributions	$	43	$	774
Primary Care		-		166
Donations		530		607
Government of Canada – H.I.S.P.		-		195
Alberta Infrastructure		105		320
		678		2,062
Amounts recognized as revenue:				
Telehealth		(227)		-
Alberta Infrastructure		(218)		
Alberta Health and Wellness Contributions - Year 2000 (Note 13)		(28)		(312)
Government of Canada - H.I.S.P. (Note 16)		(40)		(131)
Donations		(12)		(31)
Primary Care		(166)		
Amounts deferred in previous years but written off		(9)		(26)
Amounts transferred to deferred capital contributions (Note 8)		(764)		(233)
Change during the year		(786)		1,329
Balance, beginning of year		2,017		688
	$	1,231	$	2,017

Unspent amounts at end of year are restricted for the following purposes:

		2001		2000
Current:				
Year 2000 funds	$	-	$	38
H.I.S.P		-		40
Alberta Infrastructure		207		320
Alberta Health and Wellness		754		940
Donations		270		145
		1,231		1,483
Long-term:				
Donations		-		534
Other		-		-
		-		534
	$	1,231	$	2,017

Keeweetinok Lakes Regional Health Authority #15
Notes to the Financial Statements
March 31, 2001
(Thousands of dollars)

Note 8 Deferred Capital Contributions

Deferred capital contributions balance represents amounts accounted for in accordance with accounting policy described in Note 2 (a)(iii).

		2001		2000
Amounts received:				
Restricted capital contributions	$	642	$	600
Transferred from deferred contributions (Note 7)		764		233
Transferred to:				
Unamortized external capital contributions (Note 9)		(227)		(679)
Change during the year		1,179		154
Balance, beginning of year		229		75
Balance, end of year	$	1,408	$	229
Balance at end of year is restricted for the Following purposes:				
Betterment of capital assets	$	1,408	$	229
New Construction		-		-
	$	1,408	$	229

Note 9 Unamortized External Capital Contributions

Unamortized external capital contributions reflect transactions accounted in accordance with the accounting policy described in Note 2 (a)(iii). The balance at end of year represents the external capital contribution that will be recognized as revenue in future years.

		2001		2000
Balance at beginning of year	$	27,678	$	28,087
Add amounts transferred from				
Deferred capital contributions (Note 8)		227		679
Less amounts recognized as revenue:				
General operations		(1,050)		(1,047)
Ancillary operations (Note 15)		(42)		(41)
	$	26,813	$	27,678

Keeweetinok Lakes Regional Health Authority #15
Notes to the Financial Statements
March 31, 2001
(Thousands of dollars)

Note 10 Unrestricted and Internally Restricted Net Assets

The balance of unrestricted and internally restricted net assets can be analyzed as follows:

		2001		2000
Unrestricted and internally restricted net assets at regionalization – April 1, 1995	$	2,636	$	2,636
Changes since regionalization				
Cumulative operating surplus (deficit)		3,585		3,278
Invested in capital assets (net of amortization)		(557)		(313)
Repayment of long-term debt		(36)		(36)
	$	5,628	$	5,565
Unrestricted	$	4,250	$	3,943
Internally restricted (Note 11)		1,378		1,622
	$	5,628	$	5,565

Note 11 Internally Restricted Net Assets

Net assets internally restricted represent amounts restricted by the Authority for the following purposes:

		2001		2000
Future equipment replacement	$	1,378	$	1,622

Keeweetinok Lakes Regional Health Authority #15
Notes to the Financial Statements
March 31, 2001
(Thousands of dollars)

Note 12 Budget

	Approved Budget (1)	Additional Funding (2)	Adjustments (3)	Reported Budget
Revenue:				
Alberta Health and Wellness contributions	19,410	309	-	19,719
Other government contributions	350			350
Fees and charges	1,050			1,050
Donations	226			226
Investment and other revenue	800			800
Amortization of external capital contributions	1,148			1,148
	22,984	309	-	23,293
Expenses:				
Facility based inpatient acute services	3,988		86	4,074
Facility based emergency and outpatient services	1,871		40	1,911
Facility based continuing care services	1,406		30	1,436
Community and home based services	1,332			1,332
Diagnostic and therapeutic services	3,453		103	3,556
Promotion, prevention and protection services	1,995			1,995
Administration	1,337		50	1,387
Information technology and we//net	395			395
Support services	6,351			6,351
Amortization of facilities and improvements	849			849
	22,977	-	309	23,286
Excess of revenues over expenses	7	309	(309)	7

(1) The budget was approved by the Board of the Authority in June 2000, and approved by the Minister of Health and Wellness.

(2) In November 2000, the Minister of Health and Wellness provided additional funding.

(3) Adjustments arising from the allocation of the additional funding received from the Minister of Health and Wellness.

Keeweetinok Lakes Regional Health Authority #15
Notes to the Financial Statements
March 31, 2001
(Thousands of dollars)

Note 13 Alberta Health and Wellness Contributions

		Budget	2001	2000
Unrestricted contributions	$	19,719	19,912 $	18,722
Transferred from deferred contributions (Note 7)		--	28	312
	$	19,719 $	19,940 $	19,034

Note 14 Other Government Contributions

		Budget		2001		2000
Alberta Infrastructure						
Fair value of rent less rent charges for non-acute care facilities used by the Authority	$	37	$	37	$	37
Repairs and Maintenance		67		218		296
Federal Government - Primary care		166		204		15
Alberta Mental Health Board		80		113		23
	$	350	$	572	$	371

Note 15 Ancillary Operations

	2001					2000
	Non-Patient Food Services	Rental Operations	Ambulance	Total	Budget	Total
Revenues						
Revenues	161	70	1,204	1,444	1,450	1,436
Amortization of external capital contributions	-	42	-	42	40	41
	161	121	1,204	1,486	1490	1,477
Expenses						
Other expenses	161	111	1,166	1,438	1,425	1,269
Amortization	-	42	67	109	65	67
	161	153	1,233	1,547	1,490	1,336
Excess (deficiency) of revenues over direct expenses 00/01	$ -	(32)	($29)	($61)	$ -	$141
Excess (deficiency) of revenues over direct expenses 99/00	$ -	$7	$134	$141	$ -	

Keeweetinok Lakes Regional Health Authority #15
Notes to the Financial Statements
March 31, 2001
(Thousands of dollars)

Note 16 Investment and Other Income

		Budget		2001		2000
Unrestricted investment income	$	400	$	650	$	321
Interest on local responsibility funds		-		-		-
Government of Canada – H.I.S.P.		40		40		131
Other income		360		425		285
	$	800	$	1,115	$	737

Investment income is comprised of interest, dividends, amortization of discount and premiums, and net gains on disposal of investments.

Other income is comprised of miscellaneous recoveries.

Note 17 Administration

		Budget	2001	2000
General administration	$	832 $	814 $	643
Finance		215	219	205
Personnel		340	412	242
	$	1,387 $	1,445 $	1,290

Note 18 Information technology and alberta we//net

		Budget	2001	2000
alberta we//net	$	85 $	85 $	99
Information systems support		310	657	164
	$	395 $	742 $	263

alberta wellnet is the province-wide, strategic initiative to build a health information network. The initiative brings together a broad spectrum of health professionals into multi-disciplinary teams to put information technology to work to improve the delivery of health services to all Albertans. Alberta wellnet brings together doctors, nurses, regional health authorities, pharmacists, the Alberta Cancer Board, the Alberta Mental Health Board, universities and faculties of medicine, a national health information institute and Alberta Health and Wellness in the planning and implementation of the network.

The Authority's contribution has been applied towards planning and pre-development activities that will produce clinical and administrative deliverables beginning in 2000 - 2001, or to develop applications to support we//net initiatives. In accordance with generally accepted accounting principles, $85 (2000 - $99) have been expensed.

Keeweetinok Lakes Regional Health Authority #15
Notes to the Financial Statements
March 31, 2001
(Thousands of dollars)

Note 19 Support Services

	Budget	2001	2000
Building maintenance, operations, and security	$ 1,567	$ 2,025	$ 1,751
Communications	536	615	634
Education	145	104	129
Housekeeping	836	774	722
Laundry and linen	369	448	377
Materials management	152	158	134
Patient food services	1,297	1,158	1,079
Patient health records	747	708	625
Patient registration	284	266	239
Patient transportation	416	453	412
	$ 6,351	$ 6,709	$ 6,102

Note 20 Changes in Non-Cash Working Capital Accounts

	2001	2000
Accounts receivable	$ (257)	$ (189)
Contributions receivable	380	(482)
Inventories	(9)	19
Prepaid expenses	24	(71)
Accounts payable	(593)	84
Accrued vacation pay	131	69
Current portion of deferred contributions	(252)	821
	$ (576)	$ 251

Note 21 Pension Costs

The Authority participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equivalent to the Authority's annual contributions payable of $424 for the year ended March 31, 2001 (2000 - $ 391).

At December 31, 2000, the Local Authorities Pension Plan reported a surplus of $ 883,823 (1999 - $880,358)

Keeweetinok Lakes Regional Health Authority #15
Notes to the Financial Statements
March 31, 2001
(Thousands of dollars)

Note 22 Subsequent Event

Subsequent to the year end, the Authority boundaries were realigned by the Minister of Health and Wellness pursuant to Minister's Order # 57/2001. This results in an increase in the geographic size of the region and a transfer of operations from Peace Regional Health Authority. The estimated effect for the 2001/2002 fiscal year can not be determined at this time.

Note 23 Measurement Uncertainty

The financial statements by their nature contain estimates and are subject to measurement uncertainty. The accounts recorded for amortization of capital assets and amortization of external capital contributions are based on estimates of the useful life of the related assets. The effect, on the financial statements, of changes in such that estimates in future periods could be significant.

Note 24 Related Party Transactions

The Authority is established under the Regional Health Authority Act. The Minister of Health and Wellness appoints the members of the Authority. Transactions between the Authority and the province are disclosed in the statement of operations and Notes 7, 8, 12, 13 and 14.

Note 25 Comparative Figures

Certain 2000 figures have been reclassified to conform to the 2001 presentation.

Note 26 Approval of Financial Statements

The Authority has approved these financial statements.

Keeweetinok Lakes Regional Health Authority #15
Schedule 1 - Expenses by Object

For the year ended March 31, 2001
(Thousands of dollars)

	Budget	2001	2000
Salaries, benefits, allowances and severance (Schedule 2)	$ 14,133	$ 15,123	$ 13,337
Drugs, gases, medical and surgical supplies	976	1,143	975
Consulting services	784	765	664
Other	6,902	6,880	6,001
Amortization:			
Capital equipment - internally funded	1,132	901	1,047
Capital equipment - externally funded		253	
Facilities and improvements	849	928	896
	24,776	25,991	22,920
Less amounts reported in ancillary operations (Note 15)	(1,490)	(1,547)	(1,336)
	$ 23,286	$ 24,444	$ 21,584

Keeweetinok Lakes Regional Health Authority #15
Schedule 2 - Salaries, Benefits, Allowances and Severance

For the year ended March 31, 2001
(Thousands of dollars)

	2001				2000	
	Number of Individuals (1)	Salaries and Honoraria (2)	Benefits and Allowances (3)	Total	Number of Individuals (1)	Salaries and Allowances (2)(3)
Authority Compensation						
RHA Chairperson						
Cox, Sharon		$ 28	$ 2	$ 30		$ 38
RHA Members						
Johnson, Valerie		13	1	14		12
Laboucan, Earl		12	1	13		8
Laderoute, Jenny		2	-	2		8
Norberg, Evelyn		14	1	15		13
Ruecker, Gary		13	2	15		14
Yellowknee, Solomon		15	-	15		12
Total Honoraria		97	7	104		101
Staff						
Chief Executive Officer	1.0	90	14	104	1.0	97
Medical Officers:						
Regional Medical Officer - Health	1.0	75	-	75	1.0	58
Regional Medical Director	1.0	80	-	80	1.0	56
Management persons reporting to the CEO						
Director Corporate Services	1.0	81	13	94	1.0	91
Director Health Services	1.0	81	13	94	1.0	91
Team Manager - Health Services						
High Prairie	1.0	69	11	80	1.0	75
Slave Lake	1.0	69	11	80	1.0	75
Wabasca/Desmarais	1.0	69	11	80	1.0	75
Continuing Care	1.0	69	11	80	1.0	75
Medical Doctors (avg. 2001 - $295, avg. 2000 - na)	0.4	113	7	120	0.0	0
Regulated nurses not included above (avg. 2001 - $50, avg. 2000 - $53)	97.2	4,905	827	5,732	91.5	4,886
Other Health Technical and Professionals (avg. 2001 - $50, avg. 2000 - $50)	69.6	3,484	593	4,077	69.8	3,467
Unregulated Health Services Providers (avg. 2001 - $32, avg. 2000 - $28)	28.7	784	145	929	24.5	667
Other Staff (avg. 2001 - $34, avg. 2000 - $34)	101.9	2,852	562	3,414	101.4	3,484
Sub-total	306.8	$ 12,801	$ 2,218	$ 15,019	296.0	$ 13,236
Total		$ 12,898	$ 2,225	$ 15,123		$ 13,337

Keeweetinok Lakes Regional Health Authority #15
Schedule 2 - Salaries, Benefits, Allowances and Severance (continued)
For the year ended March 31, 2001
(Thousands of dollars)

(1) Full time equivalent (FTE) has been determined as follows:
Standard work year equals 2,015 hours
Total actual discrete number of individuals employed: 437 (2000 - 394).

(2) Salaries include regular base pay, overtime, lump sum payments, honoraria and any other direct cash remuneration including sick leave, short-term disability and vacation.

(3) Benefits and allowances included the employers share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, out of country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, unemployment insurance, workers compensation and allowances.

Keeweetinok Lakes Regional Health Authority #15
Schedule 3 – Three-Year Summary of Revenue and Expenses
For the year ended March 31, 2001
(Thousands of dollars)

	Actual		
	2001	2000 (as restated Note 3)	1999 (1)
Revenue:			
Alberta Health and Wellness contributions	19,940	19,034	16,578
Other government contributions	572	371	229
Fees and charges	1,838	1,124	1,039
Ancillary operations, net	(61)	141	75
Donations	297	53	166
Investment and other revenue	1,115	737	799
Amortization of external capital contributions	1,050	1,047	996
	24,751	22,507	19,882
Expenses:			
Facility based inpatient acute services	4,082	3,412	3,212
Facility based emergency and outpatient services	2,132	2,067	1,414
Facility based continuing care services	1,649	1,116	1,095
Community and home based services	1,282	1,127	1,106
Diagnostic and therapeutic services	3,666	3,179	3,015
Promotion, prevention and protection services	1,800	1,831	1,602
Administration	1,445	1,290	1,177
Information technology and wel/net	742	263	189
Y2K remedial costs	53	350	70
Support services	6,709	6,102	5,917
Amortization of facilities and improvements	884	847	816
	24,444	21,584	19,613
Excess (deficiency) of revenue over expenses	307	923	269

(1) Certain 1999 amounts were restated as part of the change in accounting policy regarding pension expense (Note 3). The adjustments result in an:

Increase (decrease) in total expenses	$ 4
Increase (decrease) in excess of revenue over expenses	$ (4)

A pro-forma summary of revenue and expenses is not presented as there have been no transfers of programs or boundary change for which pro-forma adjustments are necessary.

NORTHERN LIGHTS REGIONAL HEALTH AUTHORITY

FINANCIAL STATEMENTS

MARCH 31, 2001

Statement of Management Responsibility

Auditor's Report

Statement of Financial Position

Statement of Operations

Statement of Changes in Net Assets

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 - Schedule of Expenses by Object

Schedule 2 - Schedule of Salaries, Honoraria, Benefits, Allowances and Severance

Schedule 3 - Three -Year Summary of Revenue and Expenses

Northern Lights
Regional Health Services
7 Hospital Street
Fort McMurray, Alberta T9H 1P2
Tel. (780) 791-6161
Fax. (780) 791-6042

Management's Responsibility for Financial Reporting

The accompanying financial statements are the responsibility of management and have been approved by the Authority. The financial statements have been prepared in conformity with Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgments.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority has established a code of ethics and corporate directives which require communication of the code to employees.

The Authority members carry out their responsibility for the financial statements through the Finance & Audit Committee. This Committee meets with management and the external auditor, the Auditor General of Alberta, to discuss and review financial matters, and recommends the financial statements to the Northern Lights Regional Health Authority Board for approval. The external auditor has full and free access to the Finance & Audit Committee.

The external auditor provides an independent audit of the financial statements. Their examination is conducted in accordance with Generally Accepted Auditing Standards and includes tests and other procedures, which allow them to report on the fairness of the financial statements prepared by management.

Dated at Fort McMurray, in the Province of Alberta, this 29 day of June, 2001.

01/06/29

DALTON M. RUSSELL
Chief Executive Officer

Linda L. Metz

LINDA METZ
Director, Finance & Information

AUDITOR S REPORT

To the Members of the Northern Lights Regional Health Authority
and the Minister of Health and Wellness

I have audited the statement of financial position of the Northern Lights Regional Health Authority (the Authority) as at March 31, 2001 and the statements of operations and statement of changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority s management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2001 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Peter Valentine
FCA
Auditor General

Edmonton, Alberta
June 13, 2001

NORTHERN LIGHTS REGIONAL HEALTH AUTHORITY
STATEMENT OF FINANCIAL POSITION
March 31, 2001
(thousands of dollars)

	2001	2000 (as restated - Note 3)
ASSETS		
Current:		
Cash and temporary investments (Note 4)	$ 3,622	$ 3,345
Accounts receivable (Note 5)	1,109	1,146
Contributions receivable	-	41
Inventories	335	356
Prepaid expenses	240	255
	5,306	5,143
Non-current cash (Note 6)	1,703	3,021
Capital contributions receivable (Note 7)	987	600
Capital assets (Note 8)	29,651	29,171
Other assets	248	-
Total assets	$ 37,895	$ 37,935
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable	$ 2,414	$ 1,826
Accrued vacation pay	1,320	1,279
Deferred non-capital contributions (Note 9)	168	258
	3,902	3,363
Deferred non-capital contributions (Note 9)	8	7
Deferred capital contributions (Note 10)	2,682	3,614
Unamortized external capital contributions (Note 11)	28,145	27,952
	34,737	34,936
Net assets (Note 12)		
Unrestricted	1,652	1,780
Investment in capital assets	1,506	1,219
Operating net assets	3,158	2,999
Total liabilities and net assets	$ 37,895	$ 37,935

The accompanying notes and schedules are part of these financial statements.

NORTHERN LIGHTS REGIONAL HEALTH AUTHORITY
STATEMENT OF OPERATIONS

March 31, 2001

(thousands of dollars)

	2001 Budget	2001 Actual	2000 Actual
	(Note 13)		(as restated Note 3)
Revenue			
Alberta Health and Wellness contributions (Note 14)	$ 29,296	$ 29,890	$ 28,029
Other government contributions (Note 15)	441	577	204
Fees and charges	2,580	2,627	2,765
Ancillary operations, net (Note 16)	(17)	(25)	(20)
Donations	22	237	110
Investment and other income (Note 17)	604	727	556
Amortization of external capital contributions health operations (Note 11)	2,652	2,392	2,266
Total Revenue	35,627	36,425	33,910
Expenses (Schedule 1)			
Facility based inpatient acute services	9,011	8,575	7,961
Facility based emergency and outpatient services	4,144	3,264	2,748
Facility based continuing care services	1,439	1,488	1,332
Community and home based services	1,248	1,200	955
Diagnostic and therapeutic services	7,114	7,496	6,573
Promotion, prevention and protection services	1,962	1,952	1,750
Administration (Note 18)	2,075	2,779	1,909
Information technology and wesnet (Note 19)	708	887	696
Year 2000 costs		17	622
Support services (Note 20)	6,495	6,794	5,915
Amortization of facilities and improvements, health operations	1,904	1,844	1,770
Total Expenses	35,398	36,296	32,231
Excess of Revenue over Expenses	$ 229	$ 129	$ 1,679

NORTHERN LIGHTS REGIONAL HEALTH AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS

March 31, 2001

(thousands of dollars)

	2001 Unrestricted Net Assets	2001 Invested in Capital Assets	2001 Total	2000 (as restated - Note 3) Total
Excess of revenue over expenses	$ 129	$	$ 129	$ 1,679
Amortization and loss on internally funded capital assets	148	(148)	-	-
Capital assets purchased with internal funds	(405)	405	-	-
Capital assets - land - purchased with external funds	-	30	30	-
Net change to unrestricted net assets	(128)	287	159	1,679
Balance at beginning of year (Note 3)	1,780	1,219	2,999	1,320
Balance at end of year	$ 1,652	$ 1,506	$ 3,158	$ 2,999

NORTHERN LIGHTS REGIONAL HEALTH AUTHORITY

STATEMENT OF CASH FLOWS

March 31, 2001

(thousands of dollars)

	2001 Budget	2001 Actual	2000 Actual (as restated Note 3)
Cash generated from (used by):			
Operating activities			
Excess of revenue over expenses	$ 229	$ 129	$ 1,679
Non-cash transactions:			
Amortization of capital equipment - internally funded	144	116	91
- externally funded	749	574	516
Amortization of facilities and improvements - internally funded		32	30
- externally funded	1,903	1,818	1,750
Amortization of external capital contributions	(2,652)	(2,398)	(2,272)
Loss (gain) on disposal of capital assets	-	6	(12)
Changes in non-cash working capital account (Note 21)	366	653	(1,251)
Cash generated from operations	739	930	531
Investing activities:			
Purchase of capital assets:			
internally funded	(321)	(405)	(112)
externally funded - equipment (Note 11)	(3,405)	(624)	(699)
externally funded - facility and improvements (Note 11)	(3,200)	(1,967)	(2,261)
externally funded - land	-	(30)	-
Proceeds on sale of capital assets	-	-	27
Allocations (from) to non-current cash	(450)	1,318	910
Allocation to long-term receivable	-	(635)	(600)
Increase (decrease) in long-term portion of deferred non-capital contributions	1	1	(23)
Cash used by investing activities	(7,375)	(2,342)	(2,758)
Financing activities:			
Capital contributions received	7,055	1,633	2,598
Capital contributions - interest earned	-	56	75
Cash generated from financing activities	7,055	1,689	2,673
Increase in cash and temporary investments	419	277	446
Cash and temporary investments, beginning of year	2,745	3,345	2,899
Cash and temporary investments, end of year	$ 3,164	$ 3,622	$ 3,345

NORTHERN LIGHTS REGIONAL HEALTH AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2001

(thousands of dollars)

Note 1 Authority, Purpose and Operations

The Northern Lights Regional Health Authority (the "Authority") was established on June 24, 1994 under the authority of the Regional Health Authority Act, Chapter R-9.07, Statutes of Alberta 1994. The Authority is exempt from the payment of income tax and is also a registered charity under the Income Tax Act.

The Authority is responsible for the delivery of appropriate, accessible and affordable health services in the Northern Lights Region. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well being.

The operations of the Authority comprise the following facility:

Northern Lights Regional Health Centre, 7 Hospital Street, Fort McMurray, Alberta.

Note 2 Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles and the reporting requirements of Financial Directive 18 issued by Alberta Health and Wellness. The following are the significant accounting policies:

(a) Basis of Presentation

These financial statements have been prepared using the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year when receivable.

(ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year when related expenses are incurred.

(iii) Externally restricted capital contributions are recorded as deferred contributions until the amount is invested in capital assets. Amounts invested representing externally funded capital assets are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(a) Basis of Presentation (continued)

(iv) Restricted contributions for the purchase of capital assets which will not be amortized are recorded as direct increases to assets.

(v) Unrestricted investment income is recognized in the year it is earned.

(vi) Donations are recorded at fair value when such value can reasonably be determined.

(b) Full cost

The Authority accounts for all costs and revenues related to services carried out for which it is responsible.

Donated assets, supplies and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers contribute a significant amount of time each year to assist the Authority in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenues and expenses in these financial statements because fair value cannot be reasonably determined.

(c) Employee Future Benefits

The Authority participates in the Local Authorities Pension Plan. This is a multi-employer defined benefit pension plan that provides pensions for the Authority's participating employees, based on years of service and earnings.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Authority has insufficient information to apply defined benefit plan accounting.

Pension costs included in these financial statements comprise the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plans. The Authority's portion of the pension plans' deficit or surplus is not recorded by the Authority.

The Authority fully accrues its obligations for employee non-pension future benefits.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(d) Investments

Temporary investments are recorded at the lower of cost and market.

(e) Financial Instruments

The carrying value of accounts receivable, contributions receivable, accounts payable and accrued liabilities approximates their fair value because of the short-term maturities of these items.

(f) Inventories

Inventories are valued at the lower of moving average cost or net replacement value.

(g) Capital Assets

Capital assets and projects in progress are recorded at cost. Capital assets costing less than $5,000 are expensed.

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful Life
Buildings and improvements	20 - 40 years
Land improvements	10 - 20 years
Building service equipment	10 - 20 years
Vehicles and equipment	5 - 20 years

Projects in progress are not amortized until the project is complete.

(h) Measurement Uncertainty

The financial statements by their nature contain estimates and are subject to measurement uncertainty. The accounts recorded for amortization of capital assets and amortization of external capital contributions are based on estimates of the useful life of the related assets.

Note 3 Change in Accounting Policy

Pension obligation

The Authority has changed its methods of accounting for participation in multi-employer defined benefit pension plans. The Authority now records pension expense equivalent to its annual contributions payable during the year. The Authority's portion of the pension plans' deficit or surplus is not recorded by the Authority. This change in accounting policy has been applied retroactively with restatement of comparative amounts. As a result of the change in accounting policy, the Authority's financial statements for the year ended March 31, 2000 have been restated as follows:

	2000		
	As Previously Stated	Adjustment	As Restated
Net assets at beginning of year	$ 1,208	$ 112	$ 1,320
Net assets at end of year	$ 2,925	$ 74	$ 2,999
Pension liability	$ 74	$ (74)	$ -
Excess of revenue over expenses	$ 1,717	$ (38)	$ 1,679

Note 4 Cash and Temporary Investments

	2001	2000
Cash	$ 1,091	$ 949
Fixed income securities	2,531	2,396
	$ 3,622	$ 3,345

Fixed-income securities are available for immediate liquidation. They have an average yield of 4.82% per annum based on market for securities maturing within a year, and 5.68% per annum for securities maturing between one and five years. As at March 31, 2001 the securities have the following term structure.

Under 1 year	4.80% to 4.85%
1 to 5 years	5.05% to 6.20%

Note 5 Accounts Receivable

Accounts receivable represent the following:

	2001	2000
Patients	$ 551	$ 693
Other	558	453
	$ 1,109	$ 1,146

Note 6 Non-Current Cash

	2001	2000
Deferred capital contributions	$ 2,682	$ 3,614
Less capital contributions receivable	(987)	(600)
Non-current deferred non-capital contributions	8	7
	$ 1,703	$ 3,021

Note 7 Capital Contributions Receivable

	2001	2000
wellnet common opportunities	$ 600	$ 600
Federal equipment	387	-
	$ 987	$ 600

Note 8 Capital Assets

	2001			2000
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 665	$ -	$ 665	$ 635
Land improvements	3,133	2,824	309	471
Buildings and improvements	40,376	18,407	21,969	21,220
Building service equipment	6,340	5,320	1,020	1,334
Vehicles and equipment	10,787	7,988	2,799	2,745
Projects in progress	2,889	-	2,889	2,766
	$ 64,190	$ 34,539	$ 29,651	$ 29,171

Capital assets have been funded from the following sources:

	2001	2000
Externally funded *(unamortized external capital contributions)*	$ 28,145	$ 27,952
Internally funded *(invested in capital assets)*	1,506	1,219
	$ 29,651	$ 29,171

Note 9 Deferred Non-Capital Contributions

	2001	2000
Amounts received from:		
Alberta Health and Wellness	$ 3	$ 63
Other government	321	290
Donors	19	50
Investment and other	-	52
Repayment of funds	(5)	-
	338	455
Amounts recognized as revenue:		
Alberta Health and Wellness (Note 14)	(83)	(656)
Other government	(288)	(204)
Donations	(47)	(26)
Other	(5)	(34)
	(423)	(920)
Amounts transferred from (to) deferred capital contributions (Note 10)	(4)	303
Change during the year(a)	(89)	(162)
Balance, beginning of year	265	427
Balance, end of year	$ 176	$ 265
(a) Current	$ (90)	$ (139)
Non-current	1	(23)
	$ (89)	$ (162)

Unspent amounts at end of year are restricted for the following purposes:

	2001	2000
Current:		
Year 2000 funding	$ -	$ 26
Healthy Aging	-	62
Student Health Initiative	52	55
Alberta Mental Health Initiatives	66	31
Transportation	5	32
Other	45	52
	168	258
Long term:		
Employee benefit programs	8	7
	$ 176	$ 265

Note 10 Deferred Capital Contributions

Deferred capital contributions balance represents amounts accounted for in accordance with accounting policy described in Note 2(a).

	2001	2000
Amounts received:		
Alberta Health and Wellness	$ 387	$ 1,410
Other government contributions	980	1,106
Donations restricted for capital purposes	323	385
Investment income earned	56	75
	1,746	2,976
Funds returned to source	(61)	-
Transferred from (to) deferred non-capital contributions (Note 9)	4	(303)
	1,689	2,673
Unamortized external capital contributions (Note 11)	(2,591)	(2,960)
Transferred to net assets for land purchase	(30)	-
Change during the year	(932)	(287)
Balance, beginning of year	3,614	3,901
Balance, end of year	$ 2,682	$ 3,614
Balance at end of year is restricted for the following purposes:		
Betterment of capital assets	$ 2,682	$ 3,598
Year 2000 equipment replacement	-	16
	$ 2,682	$ 3,614

Note 11 Unamortized External Capital Contributions

Unamortized external capital contributions reflect transactions accounted in accordance with the accounting policy described in Note 2(a). The balance at end of year represents the external capital contribution that will be recognised as revenue in future years.

	2001	2000
Balance, beginning of year	$ 27,952	$ 27,264
Add amounts transferred from deferred capital contributions (Note 10)	2,591	2,960
Less amounts recognized as revenue		
health operations	(2,392)	(2,266)
ancillary operations	(6)	(6)
Balance, end of year	$ 28,145	$ 27,952

Note 12 Net assets

The balance of net assets can be analyzed as follows:

	2001	2000 (as restated - Note 3)
Net assets at regionalization - April 1, 1995	$ 2,446	$ 2,446
Changes since regionalization:		
Cumulative operating surplus (deficit)	(92)	36
Invested in capital assets (net of amortization)	804	517
	$ 3,158	$ 2,999

Note 13 Budget

	Submitted Budget(1)	Additional Funding(2)	Reported Budget
Revenue			
Alberta Health and Wellness contributions	$ 28,619	$ 677	$ 29,296
Other government contributions	431	-	431
Fees and charges	2,580		2,580
Donations	22	-	22
Net ancillary operations	(37)	-	(37)
Investment and other income	683	-	683
Amortization of external capital contributions	2,652	-	2,652
	34,950	677	35,627
Expenses			
Facility based inpatient acute services	8,880	151	9,031
Facility based emergency and outpatient services	3,143	-	3,143
Facility based continuing care services	1,404	35	1,439
Community and home based services	1,212	36	1,248
Diagnostic and therapeutic services	7,314	-	7,314
Promotion, prevention and protection services	1,962	-	1,962
Administration	2,075	-	2,075
Information technology and *well* net (Note 19)	788	-	788
Support services	6,495	-	6,495
Amortization of facilities and improvements	1,903	-	1,903
	35,176	222	35,398
Excess of revenue over expenses	$ (226)	$ 455	$ 229

(1) The budget was approved by the Board of the Authority on April 26, 2000, and approved by the Minister of Health and Wellness.

(2) The Minister of Health and Wellness provided additional funding.

Note 14 Alberta Health and Wellness Contributions

	Budget	2001	2000
Unrestricted contributions	$ 29,296	$ 29,807	$ 27,373
Transfer from deferred contributions (Note 9)	-	83	656
	$ 29,296	$ 29,890	$ 28,029

Note 15 Other Government Contributions

	Budget	2001	2000
Alberta Mental Health Board	$ 220	$ 322	$ 148
Student Health Initiative	211	225	56
Alberta Infrastructure	-	30	-
	$ 431	$ 577	$ 204

Note 16 Ancillary Operations

	Operations 2001					2000
	Non Patient Food Service	Sales and Rental Services	Other Services	Total	Budget	Total
Revenue						
Revenue	$ 198	$ 162	$ 1	361	$ 315	$ 331
Amortization of deferred capital contributions	-	6	-	6	6	6
	198	168	1	367	321	337
Expenses						
Other Expenses	203	19	164	386	352	347
Amortization	-	6	-	6	6	10
	203	25	164	392	358	357
Excess (deficiency) of revenue over direct expenses 2000/2001	$ (5)	$ 143	$ (163)	$ (25)	$ (37)	
Excess (deficiency) of revenue over direct expenses 1999/2000	$ (10)	$ 135	$ (145)	$ (20)	$ (49)	$ (20)

Note 17 Investment and Other Income

	2001 Budget	2001 Actual	2000 Actual
Unrestricted investment income	$ 225	$ 260	$ 147
Other income	458	467	409
	$ 683	$ 727	$ 556

Note 18 Administration

	2001 Budget	2001 Actual	2000 Actual (as restated - Note 3)
General Administration			
Administration	$ 473	$ 534	$ 515
Medical staff	454	574	393
Board	160	158	191
	1,087	1,266	1,099
Finance	493	622	491
Personnel	495	891	399
	$ 2,075	$ 2,779	$ 1,989

Note 19 Information Technology and Alberta we//net

	Budget	2001	2000
Information systems support	$ 664	$ 763	$ 568
Alberta we//net	124	124	128
	$ 788	$ 887	$ 696

Information systems support pertains to the provision of services to design, develop, implement and maintain management support facility systems in the areas of data processing and systems engineering.

Alberta we//net is the province-wide, strategic initiative to build a health information network. The initiative brings together a broad spectrum of health professionals into multi-disciplinary teams to put information technology to work to improve health service delivery to all Albertans. Alberta we//net brings together doctors, nurses, regional health authorities, pharmacists, the Alberta Cancer Board, the Alberta Mental Health Board, universities and faculties of medicine, a national health information institute and Alberta Health and Wellness in the planning and implementation of the network.

The Authority's contribution has been applied towards the planning and pre-development activities that will produce clinical and administrative deliverables beginning in 2000/2001, or to develop applications to support we//net initiatives.

In accordance with generally accepted accounting principles these costs have been expensed.

Note 20 Support Services

	2001		2000
	Budget	Actual	Actual
Building maintenance, operations and security	$ 2,154	$ 2,277	$ 1,886
Housekeeping	1,044	1,042	985
Patient information	1,021	1,132	934
Materials management	847	884	815
Patient food services	677	714	648
Laundry and linen	305	307	284
Communications	121	111	105
Health and safety	102	86	84
Biomedical engineering	85	88	41
Community and volunteer services	72	86	85
Learning resource centre	67	67	68
	$ 6,495	$ 6,794	$ 5,935

Note 21 Changes in Non-Cash Working Capital Accounts

	2001	2000
Accounts receivable	$ 37	$ (593)
Contributions receivable	41	(11)
Inventories	21	(55)
Prepaid expenses	15	(136)
Accounts payable	588	(426)
Accrued vacation pay	41	109
Current portion of deferred non-capital contributions	(90)	(139)
	$ 653	$ (1,251)

Note 22 Related Parties

(a) Province of Alberta

The Authority is established under the Regional Health Authorities Act. The Minister of Health and Wellness appoints the members of the Authority. Transactions between the Authority and the Province are disclosed in the statement of operations and Notes 9, 10, 14 and 15 to the financial statements.

(b) Northern Lights Regional Health Foundation

The Authority significantly influences the Northern Lights Regional Health Foundation through its representation on the board of trustees.

Northern Lights Regional Health Foundation	2001	2000
Total assets	$ 1,513	$ 1,010
Total liabilities	813	435
Net assets	$ 700	$ 575
Revenues	868	971
Expenses (includes contributions to the Health Authority)	742	784
Excess of revenue over expenses	$ 126	$ 187

	Contributions Received by Health Authority		Resources held by Foundation	
	Year ended March 31		At March 31, 2001	
	2001	2000	Externally Restricted	Unrestricted
Northern Lights Regional Health Foundation	$ 472	$ 512	$ 622	$ 700

The resources of the Foundation amounting to $622 have been restricted by the donors for specific programs of the Northern Lights Regional Health Authority.

Northern Lights Regional Health Foundation prepared financial statements using the deferral method.

The value of administrative support provided to the Foundation and the accounts receivable from the Foundation at year-end is as follows:

Note 22 Related parties (continued)

(b) Northern Lights Regional Health Foundation (continued)

	Administrative Support		Accounts Receivable	
	Year ended March 31		At March 31, 2001	
	2001	2000	Externally Restricted	Unrestricted
Northern Lights Regional Health Foundation	$ 140	$ 138	$ 178	$ 2

(c) Contracted Health Service Operators

The Authority contracts with private health service operators to provide health services in the Region.

The amounts for contracted health services are as follows:

	Direct Authority Funding	2001	2000
Laboratory contract	$ 2,014	$ 2,014	$ 1,749
Community rehabilitation programs	275	275	291
	$ 2,289	$ 2,289	$ 2,040

The amounts for contracted health services are reported under diagnostic and therapeutic services.

Note 23 Commitments

The Authority is committed under contracts for laboratory services, service contracts and equipment leases to the following payments:

2002	$2,208
2003	2,203
2004	188

Note 24 Trust Funds

The Authority receives funds in trust from Alberta Health and Wellness for Nunee Health Board for the provision of primary health services. Amounts disclosed below are not included in the financial statement.

	2001	2000
Funds received and disbursed during the year	$ 189	$ 189

Note 25 Pension Costs

The Authority participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. The pension expense recorded in this financial statement is equivalent to the Authority's annual contributions payable of $697 for the year ended March 31, 2001 (2000 - $626).

At December 31, 2000, the Local Authorities Pension Plan reported a surplus of $883,823 (1999 - $880,358).

Note 26 Comparative Figures

Certain 2000 figures have been reclassified to conform to the 2001 presentation.

Note 27 Approval of Financial Statements

These financial statements have been approved by the Authority.

Schedule 1

NORTHERN LIGHTS REGIONAL HEALTH AUTHORITY
SCHEDULE OF EXPENSES BY OBJECT
FOR THE YEAR ENDED MARCH 31, 2001
(thousands of dollars)

	Budget	2001	2000
Salaries, benefits, allowances (Schedule 2)	$ 22,590	$ 23,654	$ 20,984
Contracts with health service operators (Note 22 (c))	2,257	2,289	2,040
Drugs, gases, medical and surgical supplies	1,231	1,316	1,157
Consulting services	1,543	1,516	1,289
Other	5,339	5,373	4,731
Amortization:			
Equipment	887	690	607
Facilities and improvements	1,909	1,850	1,780
	35,756	36,688	32,588
Less amounts reported in ancillary operations (Note 16)	(358)	(392)	(357)
	$ 35,398	$ 36,296	$ 32,231

Schedule 2

NORTHERN LIGHTS REGIONAL HEALTH AUTHORITY
SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE
FOR THE YEAR ENDED MARCH 31, 2001
(thousands of dollars)

	2001					2000			
	Number of Individuals(1)	Salaries and Honoraria(2)	Benefits and Allowances(3)	Severance	Total	Number of Individuals(1)	Salaries and Honoraria(2)	Benefits and Allowances(3)	Total
Authority/Board Compensation									
RHA Chairperson Garner, Scott	1	$ 21	$	$	$ 21	1	$ 20	$	$ 20
Baker, Kathleen	1	11		-	11	1	9	1	10
Boyer, Mary	1	15			15	1	13	1	14
Burns, Gary	1	11			11	1	10		10
Brzezinski, Wojciech	1	1	-		1				
Cardinal, Debbie	1					1	2		2
Furey, Pat	1					1	3		3
Gendreau, Bill	1	9		-	9	1	11		11
Girouard, George			-			1	1		1
Haxton, Alice	1	11			11	1	10		10
McDonald Hyde, Dorothy	1	9	-		9	1	4		4
Moore, Helena	1	10	-		10	1	9		9
Nickerson, Ken	1	10	-		10	1	6		6
Quintal, Margaret	1	9	-		9	1	5		5
Walbridge, Judy	1	2			2	1	13	1	14
Zuk, Lorne						1	2		2
Total honoraria	14	119			119	15	118	3	121
Staff									
Chief Executive Officer	1	135	56	-	191	1	131	31	162
Management person(s) reporting to the CEO:									
Director Finance & Information	1	95	12		107	1	88	11	99
Director Human Resources	1	93	12		105	1	86	11	97
Director Health Services	1	95	12		107	1	83	10	93
Director Foundation	1	87	12		99	1	86	10	96
Director Facilities	1	95	12	-	107	1	86	10	96
Director Clinical Services	1	95	12	-	107	1	88	10	98
Other management person(s) reporting to those above (avg. 2001 $80, avg. 2000 $80)	10	708	93	-	801	7	494	64	558
Regulated nurses not included above (avg. 2001 $58, avg. 2000 $53)	173	8,899	1,210		10,109	171	8,128	1,037	9,165
Other health technical and professionals (avg. 2001 $60, avg. 2000 $55)	67	3,548	469	33	4,050	61	2,916	442	3,358
Unregulated health service providers (avg. 2001 $31, avg. 2000 $28)	106	2,859	401		3,260	99	2,460	339	2,799
Other staff	103	3,954	538		4,492	102	3,754	488	4,242
	466	20,663	2,839	33	23,535	447	18,400	2,463	20,863
Total	480	$ 20,782	$ 2,839	$ 33	$ 23,654	462	$ 18,518	$ 2,466	$ 20,984

Schedule 2 (continued)

SCHEDULE OF SALARIES, BENEFITS AND ALLOWANCES

FOR THE YEAR ENDED MARCH 31, 2001

(1) The average number of individuals is calculated based on a weighted average number of individuals occupying a category or position for the year based on a standard work year except for named individuals.

Total actual discrete number of individuals employed was 665 as of March 31, 2001 and 619 as of March 31, 2000.

(2) Salaries includes regular base pay, overtime, lump sum payments, honoraria and any other direct cash remuneration including sick leave, short-term disability and vacation.

(3) Benefits and allowances included the employers share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, out of country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, unemployment insurance, workers compensation, car benefits and allowances and tuition.

(4) Severance includes all monies paid directly or on behalf of an employee upon termination which are not included in salaries and benefits.

Schedule 3

NORTHERN LIGHTS REGIONAL HEALTH AUTHORITY
SUMMARY OF REVENUES AND EXPENSES
FOR THE PERIOD COMMENCING APRIL 1, 1998

(thousands of dollars)

	Actual		
	2001	2000	1999
		(as restated)	(as restated)
Revenue			
Alberta Health and Wellness contributions	$ 29,890	$ 28,029	$ 24,658
Other government contributions	577	204	115
Fees and charges	2,627	2,765	1,946
Ancillary operations, net	(25)	(20)	(30)
Donations	237	110	136
Investment and other income	727	556	632
Amortization of external capital contributions, health operations	2,392	2,266	1,818
Total revenue	36,425	33,910	29,275
Expenses			
Facility based inpatient acute services	8,575	7,861	7,464
Facility based emergency and outpatient services	3,264	2,748	2,575
Facility based continuing care services	1,488	1,332	1,320
Community and home based services	1,200	955	881
Diagnostic and therapeutic services	7,496	6,573	6,113
Promotion, prevention and protection services	1,952	1,750	1,636
Administration	2,779	1,989	1,865
Information technology and we//net	887	696	483
Year 2000 costs	17	622	268
Support services	6,794	5,935	5,557
Amortization of facilities and improvements, health operations	1,844	1,770	1,536
Total expenses	36,296	32,231	29,698
Excess (deficiency) of revenues over expenses	$ 129	$ 1,679	$ (423)

A pro-forma summary of revenue and expenses is not presented as there have been no transfers of programs or boundary changes for which pro-forma adjustments are necessary.

Financial Statements of

NORTHWESTERN REGIONAL HEALTH AUTHORITY

March 31, 2001

Deloitte & Touche LLP
2000 ManuLife Place
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Edmonton, Alberta T5J 4E4

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Deloitte & Touche

Auditors' Report

To the Members of the
Northwestern Regional Health Authority
and the Minister of Alberta Health and Wellness

We have audited the statement of financial position of Northwestern Regional Health Authority ("the Authority") as at March 31, 2001 and the statements of operations, changes in net assets, and cash flow for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2001 and the results of operations and cash flow for the year then ended in accordance with Canadian generally accepting accounting principles.

Deloitte & Touche LLP

Chartered Accountants

June 15, 2001

**Deloitte
Touche
Tohmatsu**

NORTHWESTERN REGIONAL HEALTH AUTHORITY

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

FINANCIAL STATEMENTS

MARCH 31, 2001

The accompanying financial statements are the responsibility of management and have been approved by the Authority. The financial statements were prepared in accordance with Canadian generally accepted accounting principles and the Financial Directives issued by Alberta Health and Wellness and of necessity include some amounts that are based on estimates and judgments.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority has established a code of ethics and corporate directives, which require communication of the code to employees.

The Authority members carry out their responsibility for the financial statements through the Finance Committee. This Committee meets with management and the external auditor, Deloitte & Touche LLP, to discuss and review financial matters, and recommends the financial statements to the Northwestern Regional Health Authority Board for approval. The external auditor has full and free access to the Finance Committee.

Deloitte & Touche LLP provides an independent audit of the financial statements. Their examination is conducted in accordance with Canadian generally accepted auditing standards and includes tests and other procedures, which allow them to report on the fairness of the financial statements prepared by management.

Rayann Ulvick
Chief Executive Officer

Gary Johnson
Director of Corporate Services

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NORTHWESTERN REGIONAL HEALTH AUTHORITY
Statement of Financial Position
March 31, 2001
(thousands of dollars

	2001	2000 (Restated Note 3)
ASSETS		
CURRENT		
Cash and temporary investments (Note 4	$ 3,520	$ 4,403
Accounts receivable	138	98
Grants receivable	325	302
Inventories	206	233
Prepaid expenses	113	74
	4,302	5,110
NON-CURRENT CASH (Note 5)	2,673	2,371
CAPITAL ASSETS (Note 6)	18,487	16,593
	$ 25,462	$ 24,074
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	$ 1,015	$ 1,217
Accrued vacation pay	529	398
Deferred contributions (Note 7	238	226
Current portion of long-term debt (Note 9	6	19
	1,788	1,860
DEFERRED CAPITAL CONTRIBUTIONS (Note 8)	2,673	2,371
LONG-TERM DEBT (Note 9)	-	6
UNAMORTIZED EXTERNAL CAPITAL CONTRIBUTIONS (Note 10)	16,505	15,341
	20,966	19,578
COMMITMENTS (Note 13)		
NET ASSETS		
Unrestricted (Note 11	-	-
Internally restricted (Note 12	2,520	3,269
Investment in capital assets	1,976	1,227
	4,496	4,496
	$ 25,462	$ 24,074

APPROVED BY

.... Chief Executive Officer

Chairman of the Board

NORTHWESTERN REGIONAL HEALTH AUTHORITY
Statement of Operations
Year ended March 31, 2001
(thousands of dollars

	2001		2000
	Budget (Note 14)	Actual	Actual (Restated Note 3)
REVENUES			
Alberta Health and Wellness contributions (Note 15	$ 15,417	$ 15,486	$ 14,731
Other government contributions (Note 16	730	610	492
Fees and charges	307	334	256
Ancillary operations - net (Note 17	-	(40)	(10)
Donations	3	8	5
Investment and other income	220	233	198
Amortization of external capital contributions (Note 10	1,100	1,222	1,179
	17,777	17,853	16,851
EXPENSES - Schedule 1			
Facility-based inpatient services	4,101	4,251	3,705
Facility-based emergency and out patient service	343	351	306
Facility-based continuing care services (Note 18	1,258	1,426	693
Community and home-based service	2,300	2,221	1,953
Diagnostic and therapeutic services	2,170	2,292	1,755
Promotion, prevention and protection service	1,268	1,239	788
Research and education	79	116	146
Administration (Note 19	1,285	1,406	1,442
Information technology and w*ll* net (Note 20)	332	325	258
Year 2000 remedial costs	-	6	241
Support services (Note 21)	3,164	3,360	2,821
Amortization of buildings and improvement	800	668	328
Amortization of building service equipmer	-	192	173
Capital asset writedown (Note 22	-	-	278
	17,100	17,853	14,887
EXCESS OF REVENUES OVER EXPENSES	$ 677	$ -	$ 1,964

NORTHWESTERN REGIONAL HEALTH AUTHORITY
Statement of Changes in Net Assets

Year ended March 31, 2001
(thousands of dollars

	2001				
	Unrestricted	Internally Restricted	Investment in Capital Assets	Total	2000 Total
	(Note 11)	(Note 12)			(Restated Note 3)
EXCESS OF REVENUES OVER EXPENSES	$ -	$ -	$ -	$ -	$ 1,964
CAPITAL ASSETS PURCHASED WITH INTERNAL FUNDS	-	(1,011)	1,011	-	-
AMORTIZATION ON INTERNALLY FUNDED CAPITAL ASSETS	281	-	(281)	-	-
REPAYMENT OF LONG-TERM DEBT USED TO FUND CAPITAL ASSETS	1	(20)	19	-	-
NET CHANGE TO UNRESTRICTED NET ASSETS	282	-	-	-	
TRANSFER TO INTERNALLY RESTRICTED	(661)	661	-	-	-
INTERNALLY RESTRICTED FUNDS EXPENDED	379	(379)	-	-	-
BALANCE, BEGINNING OF YEAR	-	3,269	1,227	4,496	2,532
BALANCE, END OF YEAR	$ -	$ 2,520	$ 1,976	$ 4,496	$ 4,496

NORTHWESTERN REGIONAL HEALTH AUTHORITY
Statement of Cash Flow

Year ended March 31, 2001
(thousands of dollars)

	2001		2000
	Budget	Actual	Actual (Restated Note 3)
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES			
OPERATING			
Excess of revenues over expenses	$ 1,567	$ -	$ 1,964
Items not affecting cash:			
Amortization of capital equipment			
- internally funded	327	251	225
- externally funded	350	566	586
Amortization of buildings and improvements			
- internally funded	-	30	13
- externally funded	800	732	399
Amortization of deferred external contributions	(1,150)	(1,298)	(1,255)
Gain on disposal of capital assets	-	(9)	-
Writedown of capital asset	-	-	278
	1,894	272	2,210
Change in non-cash working capital accounts (Note 23)	(1,008)	(134)	571
	886	138	2,781
INVESTING			
Allocation (to) from non-current cash	-	(302)	1,693
Purchase of capital assets			
Internally funded	(620)	(1,011)	(689)
Externally funded (Note 10)			
- equipment	(444)	(608)	(588)
- facilities and improvements	(1,483)	(1,854)	(5,901)
Allocation of non-current cash	(629)	-	-
Proceeds on disposal of capital equipment	-	9	-
	(3,176)	(3,766)	(5,485)
FINANCING			
Capital contributions received (Note 8)	2,526	2,765	4,931
Capital contributions transferred to deferred contributions (Note 8)	-	-	(135)
Refund of unused capital contributions	-	(1)	-
Repayment of long-term debt	(19)	(19)	(26)
	2,507	2,745	4,770
(DECREASE) INCREASE IN CASH AND TEMPORARY INVESTMENTS	217	(883)	2,066
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	4,403	4,403	2,337
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	$ 4,620	$ 3,520	$ 4,403

NORTHWESTERN REGIONAL HEALTH AUTHORITY

Notes to the Financial Statements

Year ended March 31, 2001
(thousands of dollars)

1. AUTHORITY, PURPOSE AND OPERATION

Northwestern Regional Health Authority ("the Authority") was established on June 24, 1994 under the authority of the Regional Health Authority Act, Chapter R-9.07, Statutes of Alberta 1994. The Authority is a registered charity under the Income Tax Act and is therefore exempt from the payment of income tax.

The Authority is responsible for the delivery of appropriate, accessible, and affordable health services in the region. This responsibility includes operating programs designed to promote, protect, maintain, restore, and enhance physical and mental well-being.

The Authority operates the following facilities and sites:

- High Level General Hospital
- St. Theresa General Hospital
- Rainbow Lake Health Centre
- La Crete Health Centre
- Paddle Prairie Health Centre
- High Level Health Centre
- Fort Vermilion Health Centre
- Zama City Nursing Station
- RHA Corporate Office

2. ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and the reporting requirements of Financial Directive 18 issued by Alberta Health and Wellness. The following are the significant accounting policies:

(a) *Basis of presentation*

These financial statements include all facilities and sites that the Authority operates.

(b) *Revenue recognition*

These financial statements have been prepared using the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year received or receivable.

(ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year when related expenses are incurred.

NORTHWESTERN REGIONAL HEALTH AUTHORITY

Notes to the Financial Statements

Year ended March 31, 2001
(thousands of dollars)

2. ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(iii) Externally restricted capital contributions are recorded as deferred contributions until the amount is invested in capital assets. Amounts invested representing externally funded capital assets are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

(iv) Restricted contributions for the purchase of capital assets, which will not be amortized, are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year it is earned.

(vi) Investment income subject to external restrictions is, depending on the nature of the restrictions, recorded as a direct increase to net assets, or is deferred and recognized as revenue in the year the related expenses are incurred.

(vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(c) *Employee future benefits*

The Authority participates in the Local Authorities Pension Plan and the Public Service Pension Plan. These are multi-employer defined benefit pension plans that provide pensions for the Authority's participating employees, based on years of service and earnings.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the authority has insufficient information to apply defined benefit plan accounting.

Pension costs included in these financial statements comprise the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plans. The Authority's portion of the pension plans' deficit or surplus is not recorded by the Authority.

The Authority fully accrues its obligations for employee non-pension future benefits.

(d) *Full cost*

The Authority accounts for all costs and revenues related to services carried out for which it is responsible.

2. ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

The fair value of costs of service is recorded. The fair value transactions recorded consist of the following:

- Revenue earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as fees and charges of the Authority. An equivalent amount is recorded as contracted health service operator expense of the Authority.
- Payments made by Alberta Health and Wellness directly to contracted health service operators for health programs are recorded as revenue and an equivalent amount recorded as program expenses as these payments represent part of the cost of the Authority's health programs.
- The fair value for use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expenses.
- Other assets, supplies and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers contribute a significant amount of time each year to assist the Authority in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenue and expenses in these financial statements because fair value cannot be reasonably determined.

(e) *Temporary investments*

Temporary investments are recorded at lower of cost and market.

(f) *Inventories*

Inventories are recorded at the lower of cost or net realizable value. Cost is defined as the moving average laid down cost.

(g) *Financial instruments*

The carrying value of accounts receivable, grants receivable, and accounts payable and accrued liabilities approximates their fair value because of the short-term maturity of these items.

The carrying value of long-term debt approximates fair value because the interest rate approximates current market rates.

(h) *Capital assets*

Capital assets and construction in progress are recorded at cost. Capital assets costing less than $2,000 are expensed.

2. ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

Capital assets are amortized on a straight-line basis over the estimated useful life of the assets as follows:

Buildings and improvements	2 - 5%
Equipment and building service equipment	5 - 33%
Land improvements	5 - 10%

Construction projects in progress are not amortized until the project is complete. The Authority records a full year of amortization in the year of acquisition. This is consistent with prior years

Leases transferring substantially all of the benefits and risks of ownership of capital assets to the Authority are accounted for as acquisitions of capital assets financed by long-term obligations.

(i) *Measurement uncertainty*

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from these estimates.

(j) *Statement of cash flow*

The statement of cash flow has been prepared using the indirect method.

3. CHANGE IN ACCOUNTING POLICY

Pension obligation

The Authority has changed its method of accounting for its participation in multi-employer defined benefit pension plans. The Authority now records pension expense equivalent to its annual contributions payable during the year. The Authority's portion of the pension plans' deficit or surplus is not recorded by the Authority. This change in accounting policy has been applied retroactively with restatement of comparative amounts. As a result of the change in accounting policy, the Authority's financial statements for the year ended March 31, 2000 have been restated as follows:

	March 31, 2000		
	As previously stated	Adjustment	As restated
Net assets, beginning of year	$ 2,490	$ 42	$ 2,532
Net assets, end of year	4,472	24	4,496
Pension liability	24	(24)	-
Excess of revenue over expenses	1,982	(18)	1,964

4. CASH AND TEMPORARY INVESTMENTS

	2001	2000
Cash	$ 1,683	$ 2,838
Short-term pooled fund units (market - $795; 2000 - $381)	795	381
Fixed income pooled fund units (market - $781; 2000 - $898)	781	898
International Equities (market $170; 2000 - nil)	170	-
Canadian equity pooled fund units (market - $91; 2000 - $286)	91	286
	$ 3,520	$ 4,403

5. NON-CURRENT CASH

	2001	2000
Cash	$ 2,673	$ 2,371

All non-current cash represents amounts externally restricted for capital acquisitions.

6. CAPITAL ASSETS

	2001			2000
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Buildings and improvements	$ 18,479	$ 5,832	$ 12,647	$ 6,294
Equipment and building service equipment	9,824	7,128	2,696	2,284
We#net	69	22	47	31
Land improvements	667	664	3	7
Land	234	-	234	234
Construction in progress	2,860	-	2,860	7,743
	$ 32,133	$ 13,646	$ 18,487	$ 16,593

Leased equipment

Included in the equipment are items acquired through capital leases at a cost of $95 (2000 - $95) with accumulated amortization of $76 (2000 - $57).

Capital assets

Capital assets have been funded from the following sources:

	2001	2000
Externally funded (unamortized external capital contributions) - Note 10	$ 16,505	$ 15,341
Internally funded (invested in capital assets)	1,976	1,227
Obligation under capital lease - Note 9	6	25
	$ 18,487	$ 16,593

7. DEFERRED CONTRIBUTIONS

	2001	2000
Amounts received:		
Restricted Alberta Health and Wellness Contributions		
Healthy Aging	$ -	$ 57
Health Innovation Fund	15	106
Year 2000 remedial costs	32	104
Archival Blood Review	50	-
Donations	217	10
Amounts transferred in:		
Restricted Alberta Health and Wellness Contributions		
Year 2000 remedial costs	-	135
Amounts recognized as revenue:		
Alberta Health and Wellness contributions	(8)	(396)
Other government contributions	(5)	-
Year 2000 remedial costs	(6)	-
Donations	(8)	(5)
Amounts transferred to deferred capital contributions:		
Year 2000 remedial costs	(26)	-
Donations	(249)	-
Change during the year	12	11
Balance, beginning of year	226	215
Balance, end of year	$ 238	$ 226

Unspent amounts at end of year are restricted for the following purposes:

	2001	2000
Current		
Health Innovation Fund	$ 113	$ 106
Healthy Aging	57	57
Donations	12	52
Community Health Council Grant	6	6
Prenatal Nutrition Program	-	3
Mental Health Education Grant	-	2
Archival Blood Review	50	-
	$ 238	$ 226

8. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions balance represents amounts accounted for in accordance with the accounting policy described in Note 2(b).

	2001	2000
Amounts received:		
Restricted Alberta Health and Wellness contributions	$ 199	$ 18
Restricted other government contributions	2,124	4,659
Restricted other contributions	153	254
Year 2000 remedial costs (Note 7)	26	-
Alberta Wellnet funding	14	-
Donations restricted for capital purposes (Note 7)	249	-
	2,765	4,931
Transferred to:		
Refund to APWSS	(1)	-
Deferred contributions	-	(135)
Unamortized external capital contributions (Note 10)	(2,462)	(6,489)
	(2,463)	(6,624)
Change during the year	302	(1,693)
Balance, beginning of year	2,371	4,064
Balance, end of year	$ 2,673	$ 2,371
Balance at end of year is restricted for the following purposes:		
Equipment replacement	$ 1,120	$ 367
New construction		
La Crete Continuing Care Centre	1	35
High Level General Hospital - new facility	1,324	1,894
Lottery funding - medical equipment	153	-
Telehealth funding	75	75
	$ 2,673	$ 2,371

9. LONG-TERM DEBT

	2001	2000
Obligation under capital lease	$ 6	$ 25
Less current portion	6	19
	$ -	$ 6

Future capital lease payments for the next year ending March 31 is as follows:

2002	$ 6

The capital lease expires on July 1, 2001. The effective interest rate payable on this lease is 7.96 percent.

10. UNAMORTIZED EXTERNAL CAPITAL CONTRIBUTIONS

Unamortized external capital contributions reflect transactions accounted in accordance with the accounting policy described in Note 2(b). The balance at year-end represents the external capital contribution that will be recognized as revenue in future years.

	2001	2000
Balance, beginning of year	$ 15,341	$ 10,107
Add amounts transferred from deferred capital contributions (Note 8)	2,462	6,489
	17,803	16,596
Less amounts recognized as revenue		
Northwestern Regional Health Authority	(1,222)	(1,179)
Ancillary operations (Note 17)	(76)	(76)
Balance, end of year	$ 16,505	$ 15,341

11. UNRESTRICTED AND INTERNALLY RESTRICTED NET ASSETS

The balance of unrestricted and internally restricted net assets can be analyzed as follows:

	2001	2000 (Restated Note 3)
Unrestricted and internally restricted net assets at regionalization - April 1, 1995	$ 11	$ 11
Changes since regionalization:		
Cumulative operating surplus	4,485	4,485
Invested in capital assets (net of amortization)	(1,896)	(1,166)
Repayment of long-term debt	(88)	(69)
Writedown of internally funded capital assets	8	8
Balance	$ 2,520	$ 3,269
Unrestricted	$ -	$ -
Internally restricted	2,520	3,269
	$ 2,520	$ 3,269

12. INTERNALLY RESTRICTED NET ASSETS

The Authority has internally restricted the following amounts for:

	2001	2000 (Restated Note 3)
Operating reserve fund	$ 1,078	$ 1,809
Innovative funding	235	685
Capital projects and equipment	185	380
Future equipment replacement	920	271
Programs	102	124
	$ 2,520	$ 3,269

13. COMMITMENTS

The Authority is committed to several contracts and is required to make the following minimum payments over the next five years:

	Equipment Leases	Healthcare Service Contracts	Equipment Maintenance Contracts	Total Commitments
2002	$ 32	$ 240	$ 30	$ 302
2003	32	240	15	287
2004	32	240	15	287
2005	-	-	15	15
2006	-	-	4	4

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14. BUDGET

	Approved Budget[1]	Additional Funding[2]	Adjustments[3]	Reported Budget
Revenues				
Alberta Health and Wellness contributions	$ 15,034	$ 383	$ -	$ 15,417
Other government contributions	582	148	-	730
Fees and charges	307	-	-	307
Ancillary operations - net	-	-	-	-
Donations	3	-	-	3
Investment and other income	220	-	-	220
Amortization of external capital contributions	1,100	-	-	1,100
	17,246	531	-	17,777
Expenses				
Facility-based inpatient services	3,779	-	322	4,101
Facility-based emergency and out patient services	315	-	28	343
Facility-based continuing care services	1,042	-	216	1,258
Community and home-based services	1,994	-	306	2,300
Diagnostic and therapeutic services	1,922	-	248	2,170
Promotion, prevention and protection services	1,077	-	191	1,268
Research and education	71	-	8	79
Administration	1,244	-	41	1,285
Information technology and *wellnet*	293	-	39	332
Year 2000 remedial costs	-	-	-	-
Support services	3,142	-	22	3,164
Amortization of facilities and improvements	800	-	-	800
Capital asset writedown	-	-	-	-
	15,679	-	1,421	17,100
Excess of revenues over expenses	$ 1,567	$ 531	$ (1,421)	$ 677

(1) The budget was approved by the Board of the Authority on March 8, 2000, and approved by the Minister of Health and Wellness

(2) On May 18, 2000, the Minister of Health and Wellness began providing additional funding. These additional resources were allocated by the Board to address funding expectations.

(3) Adjustments arising from the Board re-allocations to address pressure areas.

15. ALBERTA HEALTH AND WELLNESS CONTRIBUTIONS

	2001		2000
	Budget (Note 14)	Actual	Total
Unrestricted contributions	$ 15,417	$ 15,472	$ 14,335
Transfers from deferred contributions (Note 7)	-	14	396
	$ 15,417	$ 15,486	$ 14,731

16. OTHER GOVERNMENT CONTRIBUTIONS

	2001		2000
	Budget (Note 14)	Actual	Total
Alberta Mental Health Board	$ 548	$ 549	$ 375
Transfers from deferred contributions (Note 7)	-	5	-
Fair value of rent less rent charges for non-acute care facilities used by the Authority	67	56	117
Other	115	-	-
	$ 730	$ 610	$ 492

17. ANCILLARY OPERATIONS

	2001					2000
	Non-Patient Food Services Operations	Property Management Operations	Rent	Total	Budget	Total
Revenues						
Revenues	$ 103	$ 110	$ -	$ 213	$ 206	$ 218
Amortization of deferred capital contributions	-	76	-	76	-	76
	103	186	-	289	206	294
Expenses						
Other expenses	137	98	-	235	206	219
Amortization	-	94	-	94	-	85
	137	192	-	329	206	304
Deficiency of revenues over direct expenses (2000-01)	$ (34)	$ (6)	-	$ (40)	$ -	$ (10)
Deficiency of revenues over direct expenses (1999-00)	$ (29)	$ 18	$ 1	$ (10)	$ 36	$ (10)

18. FACILITY-BASED CONTINUING CARE SERVICES

Facility-based continuing care services include expenses associated with the Healthy Aging Partnership Initiative (HAPI) of $8 (2000 – nil).

19. ADMINISTRATION

	2001 Budget	2001 Actual	2000 Total (Restated Note 3)
General administration	$ 147	$ 213	$ 159
Corporate administration	390	382	387
Board of Directors	168	147	207
Finance	298	315	322
Personnel	213	303	305
	1,216	1,360	1,380
Amortization of capital assets	69	46	62
	$ 1,285	$ 1,406	$ 1,442

20. INFORMATION TECHNOLOGY AND ALBERTA WE*LL*NET

	2001 Budget	2001 Actual	2000 Total
Alberta we*ll*net	$ 52	$ 50	$ 44
Information systems support	269	251	195
	321	301	239
Amortization of capital assets	11	24	19
	$ 332	$ 325	$ 258

Alberta we*ll*net is the province-wide, strategic initiative to build a health information network. The initiative brings together a broad spectrum of health professionals into multi-disciplinary teams to put information technology to work to improve health service delivery to all Albertans. Alberta we*ll*net brings together doctors, nurses, regional health authorities, pharmacists, the Alberta Cancer Board, the Alberta Mental Health Board, universities and faculties of medicine, a national health information institute and Alberta Health and Wellness in the planning and implementation of the network.

The Authority's contribution has been applied towards planning and pre-development activities that will produce clinical and administrative deliverables beginning in 2000-2001, or to develop applications to support we*ll*net initiatives. In accordance with Canadian generally accepted accounting principles, $30 (2000 - $39) has been capitalized and $50 (2000 - $44) has been expensed.

21. SUPPORT SERVICES

	2001 Budget	2001 Actual	2000 Total (Restated Note 3)
Building maintenance, operations, and security	$ 1,103	$ 1,321	$ 1,022
Patient food services	601	614	461
Materials management	442	488	503
Patient health records	249	224	198
Communications	129	131	140
Laundry and linen	137	135	127
Patient registration	105	107	96
Fleet management	28	40	56
Patient transportation	75	80	70
Other	159	112	26
	3,028	3,252	2,699
Amortization of capital assets	136	108	122
	$ 3,164	$ 3,360	$ 2,821

22. CAPITAL ASSET WRITEDOWN

There were no capital asset writedowns in the current year. In the prior year, implementation of the Regional Client Information System (RCIS) was abandoned after costs equal to $696 had been incurred. As a result, a writedown of $278, the remaining net book value of the asset, was recorded to reduce the carrying value of the equipment to fair market value.

23. CHANGES IN NON-CASH WORKING CAPITAL ACCOUNTS

	2001	2000
Accounts receivable	$ (40)	$ 45
Grants receivable	(23)	(113)
Inventories	27	4
Prepaid expenses	(39)	(43)
Accounts payable and accrued liabilities	(202)	611
Accrued vacation pay	131	56
Current portion of deferred contributions	12	11
	$ (134)	$ 571

24. RELATED PARTY TRANSACTIONS

Province of Alberta

The Authority is established under the Regional Health Authority Act. The Minister of Health appoints the members of the Authority. Transaction between the Authority and the Province are disclosed in the Statement of Operations and Notes 7, 8 and 15 to the financial statements. Included in grants receivable is $261 (2000 - $235) due from Alberta Health and Wellness.

Northern Peace Foundation

The Northern Peace Foundation ("the Foundation") was established in 1996 and is considered to be significantly influenced by the Authority. The Foundation is not consolidated in these financial statements.

The incorporation of this Foundation was done under the Regional Health Authorities Act and is a registered charity under the Income Tax Act. The Foundation was incorporated for the purpose of raising funds to benefit the Authority.

	2001	2000
Total assets	$ 17	$ 129
Total liabilities	1	1
Net assets	$ 16	$ 128
Revenue	$ 3	$ 3
Expenses	115	-

Contributions received by Health Authority Year ended March 31.		Resources held by Foundation at March 31, 2001	
2001	2000	Externally Restricted	Unrestricted
$ 115	$ -	$ -	$ 16

24. RELATED PARTY TRANSACTIONS (continued)

Private health service operators

The Authority contracts with private health service operators to provide health services in the Region. The health service operators and the amount of the contracted health services for the year are as follows:

			2001	2000
	Direct Authority Funding	**Approved Patient Fees and Charges**	**Total**	Total
Dynacare Kasper Medical Labs	$ 240	$ -	$ 240	$ 224

	2001	2000
Reported in the following expense categories		
Diagnostic and therapeutic services	$ 240	$ 224

25. PENSION COSTS

The Authority participates in the Local Authorities Pension Plan and Public Service Pension Plan which are multi-employer defined benefit plans. The pension expense recorded in these financial statements is equivalent to the Authority's annual contributions payable of $395 for the year ended March 31, 2001 (2000 - $260).

At December 31, 2000, the Local Authorities Pension Plan reported a surplus of $883,823 (1999 - $880,358).

26. COMPARATIVE FIGURES

Certain 2000 figures have been reclassified to conform to the 2001 presentation.

27. APPROVAL OF FINANCIAL STATEMENTS

The Authority has approved these financial statements.

NORTHWESTERN REGIONAL HEALTH AUTHORITY Schedule 1
Expenses by Object
Year ended March 31, 2001
(thousands of dollars)

	Budget	2001	2000 (Restated Note 3)
Salaries, benefits, allowances and severance - Schedule 2	$ 11,274	$ 11,415	$ 8,878
Contracts with health service operators	224	240	224
Drugs, gases, medical and surgical supplies	559	696	610
Consulting services	158	208	323
Interest on long-term debt	-	1	3
Other	3,614	4,043	3,652
Amortization			
Capital equipment - internally funded	327	251	225
- externally funded	350	566	586
Facilities and improvement	800	762	412
Capital assets writedown	-	-	278
	17,306	18,182	15,191
Less amounts reported in ancillary operations (Note 17)	206	329	304
	$ 17,100	$ 17,853	$ 14,887

NORTHWESTERN REGIONAL HEALTH AUTHORITY
Salaries, Honoraria, Benefits, Allowances and Severance
Schedule 2

Year ended March 31, 2001
(thousands of dollars)

	2001					2000				
	Number of Individuals (1)	Salaries and Honoraria (2)	Benefits and Allowances (3)	Severance (4)	Total	Number of Individuals (1)	Salaries and Honoraria (2)	Benefits and Allowances (3)	Severance (4)	Total (Restated Note 3)
AUTHORITY/BOARD COMPENSATION										
RHA Chairperson										
Arnason, R. (Since November 1, 1998)	1.0	$ 18	$ -	$ -	$ 18	1.0	$ 17	$ -	$ -	$ 17
RHA Members										
Brewster, D.	1.0	4	-	-	4	1.0	1	-	-	1
Bueckert, G.	1.0	6	-	-	6	1.0	13	-	-	13
Dechant, B.	1.0	8	-	-	8	1.0	3	-	-	3
Hawrylak, P.	1.0	9	-	-	9	1.0	10	-	-	10
Neufeld, B.	1.0	12	-	-	12	1.0	16	-	-	16
Pederson, E. (ceased membership May 1999)			-	-	-	1.0	1	-	-	1
Schmidt, G. (ceased membership Nov. 1999)			-	-	-	1.0	10	-	-	10
Sokolosky, L.	1.0	12	-	-	12	1.0	11	-	-	11
Storr, D.	1.0	4	-	-	4	1.0	6	-	-	6
Wanuch, F.	1.0	10	-	-	10	1.0	10	-	-	10
Sub-total Authority/Board Compensation	9.0	$ 83	$ -	$ -	$ 83	11.0	$ 98	$ -	$ -	$ 98

NORTHWESTERN REGIONAL HEALTH AUTHORITY

Salaries, Honoraria, Benefits, Allowances and Severance

Schedule 2 (continued)

Year ended March 31, 2001
(thousands of dollars)

	2001					2000				
	Number of Individuals (1)	Salaries and Honoraria (2)	Benefits and Allowances (3)	Severance (4)	Total	Number of Individuals (1)	Salaries and Honoraria (2)	Benefits and Allowances (3)	Severance (4)	Total (Restated Note 3)
Subtotal Authority/Board Compensation	9.0	$ 83	$ -	$ -	$ 83	11.0	$ 96	$ -	$ -	$ 96
OTHER AUTHORITY/BOARD COMPENSATION										
Executive Director										
Ulvick, R. (current - since Sept./99)	1.0	109	13	-	122	1.0	64	7	-	71
Management persons reporting to the Executive Director										
Executive Assistant	1.0	56	9	-	65	1.0	58	8	-	66
Director, Health Services East	1.0	91	11	-	102	1.0	76	7	-	83
Director, Corporate Services	1.0	99	11	-	110	1.0	90	9	-	99
Regional Director, Communications	1.0	29	-	-	29	-	-	-	-	-
Director, Health Services, West	1.0	89	12	24	125	1.0	80	10	-	90
Human Resources Leader (Reported under other management personnel)	-	-	-	-	-	-	9	4	85	98
Other management personnel (Reporting to above) (avg. 2001 - $70,506; 2000 - $61,029) (excluding severance)	12.5	778	103	21	902	12.5	674	89	-	763
Registered nurses (avg. 2001 - $55,722; 2000 - $49,747) (excluding severance)	71.8	3,575	426	60	4,061	65.5	2,948	308	-	3,256
Other health technical and professionals (avg. 2001 - $49,262; 2000 - $40,260) (excluding severance)	37.1	1,611	217	-	1,828	38.1	1,377	157	-	1,534
Unregulated health service providers (avg. 2001 - $29,476; 2000 - $28,580)	36.7	944	138	-	1,082	15.3	392	45	-	437
Other Staff (avg. 2001 - $33,283; 2000 - $28,010)	87.3	2,542	364	-	2,906	79.8	2,010	273	-	2,283
Subtotal Other Authority/Board Compensation	251.4	9,923	1,304	105	11,332	216.2	7,778	917	85	8,780
Total	260.4	$ 10,006	$ 1,304	$ 105	$ 11,415	227.2	$ 7,874	$ 917	$ 85	$ 8,876

NORTHWESTERN REGIONAL HEALTH AUTHORITY

Salaries, Honoraria, Benefits, Allowances and Severance

Schedule 2 (continued)

Year ended March 31, 2001

1. Full-time equivalent has been determined by dividing the actual number of hours worked by the annual hours required to be considered full time for the following categories based on contracts in place during the year:

Executive Director	1,957.50 hours
Community Health and Home Care Employees	1,957.50 hours
Registered Nurses (UNA Local 124)	1,914.75 hours
CUPE, HSAA and CHCG Employees	2,022.75 hours
All others not included above	1,957.50 hours

Total actual discrete number of individuals employed: 2001 - 328; 2000 - 289.

2. Salaries and honoraias include regular base pay, overtime, lump sum payments, honoraria and any other direct cash remuneration including sick leave, short-term disability and vacation.

3. Benefits and allowances include the employers share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, out of country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, unemployment insurance, workers compensation, car benefits and allowances and tuition.

4. Severance expenses include amounts paid in lieu of notice and certain other severance related costs. Numbers of staff reported under the severance category are the discrete numbers of people receiving severance.

5. The total amount is reported in Schedule 1.

NORTHWESTERN REGIONAL HEALTH AUTHORITY Schedule 3
Three Year Summary of Revenue and Expenses

Period commencing April 1, 1999
(thousands of dollars)

	2001	2000 (Restated Note 3)	1999 (Restated Note 3)
REVENUES			
Alberta Health and Wellness contributions	**$ 15,486**	$ 14,731	$ 12,024
Other government contributions	**610**	492	439
Fees and charges	**334**	256	338
Ancillary operations - net	**(40)**	(10)	19
Donations	**8**	5	11
Investment and other income	**233**	198	99
Amortization of external capital contributions	**1,222**	1,179	827
	17,853	16,851	13,757
EXPENSES			
Facility-based inpatient acute services	**4,251**	3,705	3,097
Facility-based emergency and outpatient services	**351**	306	256
Facility-based continuing care services	**1,426**	693	418
Community and home-based services	**2,221**	1,953	1,572
Diagnostic and therapeutic services	**2,292**	1,755	1,438
Promotion, prevention and protection services	**1,239**	788	810
Research and education	**116**	146	29
Administration	**1,406**	1,442	1,422
Information technology and wel/net	**325**	258	274
Year 2000 remedial costs	**6**	241	23
Support services	**3,360**	2,821	2,352
Amortization of facilities and improvements	**668**	328	509
Amortization of building service equipment	**192**	173	-
Capital asset writedown	-	278	-
	17,853	14,887	12,200
Excess of revenue over expenses	**$ -**	$ 1,964	$ 1,557

Note: No adjustments are required or pro forma figures.

Alberta Mental Health Board

Financial Statements

March 31, 2001

ALBERTA MENTAL HEALTH BOARD

FINANCIAL STATEMENTS

MARCH 31, 2001

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ALBERTA MENTAL HEALTH BOARD
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
FINANCIAL STATEMENTS
MARCH 31, 2001

The accompanying financial statements are the responsibility of management and have been approved by the Alberta Mental Health Board ("AMHB" or the "Board"). The financial statements were prepared in accordance with Canadian generally accepted accounting principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgments.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The AMHB has established a code of ethics and corporate directives, which require communication of the code to employees.

The AMHB Board members carry out their responsibility for the financial statements through the Resources Committee of the Board. This Committee meets with management and the Auditor General to discuss and review financial matters, and recommends the financial statements to the AMHB for approval. The Auditor General has full and free access to the Resources Committee of the Board.

The Auditor General provides an independent audit of the financial statements. Their examination is conducted in accordance with Canadian generally accepted auditing standards and includes tests and other procedures, which allow them to report on the fairness of the financial statements prepared by management.

Ken Sheehan
Chief Executive Officer

Dave Buist
Chief Financial Officer

AUDITOR
GENERAL
Alberta

AUDITOR'S REPORT

To the Members of the Alberta Mental Health Board
and the Minister of Health and Wellness

I have audited the statement of financial position of the Alberta Mental Health Board (the "Board") as at March 31, 2001, and the statements of operations, cash flows, and changes in net assets for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2001 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Peter Valentine FCA
Auditor General

Edmonton, Alberta
May 29, 2001

ALBERTA MENTAL HEALTH BOARD
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2001
(thousands of dollars)

	2001	2000 Restated Note 3
ASSETS		
Current:		
Cash and temporary investments (Note 4)	$ 44,981	$ 32,705
Accounts receivable	3,558	2,316
Contributions receivable (Note 5)	465	1,058
Inventories	790	794
Prepaid expenses	601	1,459
	50,395	38,332
Non-current investments (Note 4)	10,688	9,435
Capital contributions receivable (Note 5)	43,822	-
Capital assets (Note 6)	63,839	54,358
TOTAL ASSETS	$ 168,744	$ 102,125
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable and accrued liabilities	$ 17,884	$ 12,152
Accrued vacation liability	8,844	7,593
Deferred contributions (Note 7)	3,558	4,881
	30,286	24,626
Deferred capital contributions (Note 8)	46,887	553
Unamortized external capital contributions (Note 9)	53,533	43,757
	130,706	68,936
Commitments and contingencies (Note 10)		
Net assets:		
Unrestricted (Note 11)	20,257	12,959
Internally restricted (Note 11 & 12)	7,475	9,629
Investment in capital assets	10,306	10,601
	38,038	33,189
TOTAL LIABILITIES AND NET ASSETS	$ 168,744	$ 102,125

The accompanying notes and schedules are part of these financial statements.

ALBERTA MENTAL HEALTH BOARD
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2001
(thousands of dollars)

	2001		2000
	Budget (Note 13)	Actual	Actual Restated Note 3
Revenues			
Alberta Health and Wellness contributions (Note 14)	$ 203,553	$ 203,578	$ 173,855
Other government contributions (Note 15)	6,031	9,753	5,932
Fees and charges	2,940	2,948	3,270
Ancillary operations, net (Note 16)	(31)	(103)	(539)
Donations	21	29	49
Investment and other income (Note 17)	3,186	5,476	3,724
Amortization of external capital contributions (Note 9)	3,823	3,120	3,396
TOTAL REVENUES	219,523	224,801	189,687
Expenses (Schedule 1)			
Facility-based inpatient services	53,138	53,127	46,974
Facility-based emergency and outpatient services	8,112	7,537	7,005
Facility-based continuing care services	5,501	15,600	14,323
Community and home based services	82,111	72,781	54,062
Diagnostic and therapeutic services	14,721	17,359	16,403
Promotion, prevention and protection services	3,023	2,919	3,131
Research and education	490	675	305
Administration (Note 18)	12,225	12,654	10,486
Information technology and alberta we//net (Note 19)	4,414	5,905	4,772
Year 2000 remedial costs	-	-	445
Support services (Note 20)	27,457	29,588	26,916
Amortization of facilities and improvements	3,347	1,807	2,403
TOTAL EXPENSES	214,539	219,952	187,225
Excess of revenues over expenses (Note 23)	$ 4,984	$ 4,849	$ 2,462

ALBERTA MENTAL HEALTH BOARD
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2001
(thousands of dollars)

	2001				2000
	Operating				
	Unrestricted	Internally Restricted (Note 11 & 12)	Invested in Capital Assets	Total	Total Restated Note 3
Balance at beginning of year	$ 12,959	$ 9,629	$ 10,601	$ 33,189	$ 30,727
Excess of revenues over expenses (Note 23)	4,849	-	-	4,849	2,462
Capital assets purchased with internal funds	(1,327)	-	1,327	-	-
Amortization of internally funded capital assets	1,620	-	(1,620)	-	-
Net book value of disposed assets, internally funded	2	-	(2)	-	-
Transfer, net	2,154	(2,154)	-	-	-
Balance at end of year	$ 20,257	$ 7,475	$ 10,306	$ 38,038	$ 33,189

ALBERTA MENTAL HEALTH BOARD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2001
(thousands of dollars)

	2001		2000
	Budget	Actual	Actual Restated Note 3
Cash generated from (used by):			
Operating activities:			
Excess of revenues over expenses (Note 23)	$ 4,984	$ 4,849	$ 2,462
Non-cash transactions:			
Amortization of capital equipment - internally funded	3,221	1,620	1,033
- externally funded	476	1,313	993
Amortization of facilities and improvements	3,347	1,807	2,403
Amortization of external capital contributions (Note 9)	(3,823)	(3,120)	(3,396)
Loss (gain) on disposal on internally funded capital assets	-	2	(3)
Gain on sale of investments	-	(56)	-
	8,205	6,415	3,492
Change in non-cash working capital accounts (Note 21)	(556)	5,873	1,287
Cash generated from operations	7,649	12,288	4,779
Investing activities:			
Purchase of investments	(5,000)	(4,834)	(9,784)
Purchase of capital assets:			
Internally funded	(4,536)	(1,327)	(2,892)
Externally funded (Note 8) - equipment	-	(1,184)	(2,061)
- facilities and improvements	(16,595)	(11,712)	(2,634)
Proceeds on sale of internally funded capital assets	-	-	17
Proceeds on sale of investments	5,000	3,637	349
Non-current cash released from non-current investments	-	-	2,192
Increase in non-current contributions receivable (Note 5)	(47,645)	(43,822)	-
Cash used by investing activities	(68,776)	(59,242)	(14,813)
Financing activities:			
Capital contributions received, net (Note 8)	48,844	59,230	4,789
Cash generated from financing activities	48,844	59,230	4,789
Increase (decrease) in cash and temporary investments	(12,283)	12,276	(5,245)
Cash and temporary investments, beginning of the year	36,888	32,705	37,950
Cash and temporary investments, end of the year (Note 4)	$ 24,605	$ 44,981	$ 32,705

ALBERTA MENTAL HEALTH BOARD
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2001

Note 1 Alberta Mental Health Board, Purpose and Operations

The Alberta Mental Health Board was established on April 1, 1999 by Alberta Regulation 84/99 (AR84/99). The regulation states that the Board shall carry out the following purposes on a province-wide basis:

- To promote, preserve and restore the mental health of Albertans and work towards the prevention of mental disorders;
- To assess the mental health of Albertans on an ongoing basis;
- To deliver or coordinate the delivery of mental health services in Alberta;
- To promote and act as an advocate for the provision of mental health services in a manner that is responsive to the needs of individuals and communities and supports the integration of services and facilities;
- To develop and monitor standards for, and monitor performance in, the delivery of mental health services;
- To determine priorities in the provision of mental health services in Alberta and allocate resources accordingly;
- To ensure reasonable access to quality mental health services; and
- To engage in and promote research in matters related to mental health.

The Board is responsible for delivering appropriate, accessible and affordable mental health services in Alberta. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental wellbeing.

Operations of the Board include the following facilities and sites:
- Alberta Hospital Edmonton;
- Alberta Hospital Ponoka;
- Claresholm Care Centre;
- Raymond Care Centre; and
- Seventy-six community mental health clinics.

The Board is exempt from payment of income tax and is a registered charity under the Income Tax Act.

Note 2 Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and the reporting requirements of Financial Directive 18 issued by Alberta Health and Wellness. Following are the significant accounting policies:

(a) Revenue Recognition

These financial statements have been prepared using the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year becoming receivable.

(ii) Externally restricted non-capital contributions are recorded as deferred contributions and recognized as revenue in the year when related expenses are incurred.

(iii) Externally restricted capital contributions are recorded as deferred capital contributions until the amount is invested in capital assets. Amounts invested in capital assets are transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

(iv) Restricted contributions to purchase capital assets which will not be amortized are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized as revenue in the year it is earned.

(vi) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(b) Full Cost

The Board accounts for all costs and revenues related to services carried out for which it is responsible.

The fair value of costs of services is recorded in the financial statements. Fair value transactions as recorded consist of the following:

(i) The fair value for use of non-acute care facilities not owned by the Board and provided to the Board at zero or nominal rent is recorded as other government contributions and as program expenses.

(ii) Other assets, supplies and service contribution that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers contribute a significant amount of time each year to assist the Board in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenue and expenses in the financial statements because fair value cannot be reasonably determined.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(c) Employee Future Benefits

The Board participates in the Local Authorities Pension Plan and the Public Service Pension Plan. These are multi-employer defined benefit pension plans that provide pensions for the Board's participating employees, based on years of service and earnings.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the authority has insufficient information to apply defined benefit plan accounting.

Pension costs included in these financial statements comprise the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plans. The Board's portion of the pension plans' deficit or surplus is not recorded by the Board.

(d) Cash and Temporary Investments

Cash and temporary investments comprise cash and investments with maturity dates less than three months from date of purchase.

Temporary investments are recorded at lower of cost and quoted market value.

(e) Investments

Non-current investments are recorded at cost. The cost of disposal is determined on the average cost basis and gains or losses realised on disposal are recognized in the period of disposal.

Where there has been a loss in the value of an investment, other than a temporary decline, the investment is written down to its net realizable value. The full-value of the write-down is recognized in the statement of operations in the period when the write-down occurs.

(f) Inventories

Inventories are held for consumption and are valued at the lower of cost and replacement cost.

(g) Capital Assets

Capital assets and construction in progress are recorded at cost. Non-direct patient care capital assets costing greater than $2,000 are capitalized, while direct patient care capital assets costing greater than $500 are capitalized. Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful Life
Facilities and improvements	10 to 40 years
Furniture and equipment	5 to 15 years

Construction in progress is not amortized until the project is complete and the asset is put into use.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(h) Measurement Uncertainty

The financial statements by their nature, contain estimates and are subject to measurement uncertainty. The amounts recorded for amortization of capital assets and amortization of external capital contributions are based on estimates of the useful life of the related capital assets. The effect on the financial statements of changes in such estimates in future periods could be material.

Note 3 Change in Accounting Policy

Pension obligation

The Board has changed its method of accounting for its participation in multi-employer defined benefit pension plans. The Board now records pension expense equivalent to its annual contributions payable during the year. The Board's portion of the pension plans' deficit or surplus is not recorded. This change in accounting policy has been applied retroactively with restatement of comparative figures. As a result of the change in accounting policy, the Board's financial statements for the year ended March 31, 2000 and March 31, 1999 have been restated as follows:

	2000 (thousands of dollars)		
	As previously stated	Adjustment	As restated
Net assets as beginning of year	$ 30,212	$ 515	$ 30,727
Net assets at end of year	$ 32,503	$ 686	$ 33,189
Pension liability	$ 686	$ (686)	$ -
Revenue	$ 188,988	$ 699	$ 189,687
Expenses	$ 186,697	$ 528	$ 187,225
Excess of revenue over expenses	$ 2,291	$ 171	$ 2,462

Note 4 Cash and Temporary Investments and Non-Current Investments

(a) Cash and Temporary Investments

	2001	2000
	(thousands of dollars)	
Cash	$ 17,113	$ 6,332
Temporary investments	27,868	26,373
	$ 44,981	$ 32,705

(b) Non-Current Investments

	2001	2000
Bonds	$ 10,688	$ 9,435

As at March 31, 2001, the quoted market value of the bonds was $11,423,227 (2000 - $ 10,408,809).

(i) Income and financial returns are exposed to credit and price risks. Credit risk relates to the possibility that a loss may occur from failure by another party to perform according to the terms of the contract. Price risk comprises interest rate risk and market risk. Interest rate risk relates to the possibility that investments will change in value with future fluctuations in market interest rates. Market risk relates to the possibility that investments will change in value due to future fluctuations in market price.

To earn optimal financial returns while maintaining the investment capital, management has established a policy of investing in fixed-income instruments.

(ii) Fixed- income securities have an average effective yield of 2001 - 4.98% (2000 - 5.24%) per annum for temporary investment securities maturing in a year, and 2001 - 5.80% (2000 - 6.18%) per annum for bonds maturing in fiscal 2003 and subsequent years. As at March 31, 2001, the securities have the following term structure:

	%	2001
		(thousands of dollars)
Under 1 year	72	$ 27,868
1 to 5 years	13	4,976
5 to 10 years	6	2,124
Over 10 years	9	3,588
	100	$ 38,556

Note 4 Cash and Temporary Investments and Non-Current Investments (continued)

Non-current investments represent the following:

	2001	2000
	(thousands of dollars)	
Externally restricted for capital purposes (Note 8)	$ 3,658	$ 553
Internally restricted for capital purposes (Note 12)	1,733	1,733
Unrestricted funds invested in non-current investments	5,297	7,149
	$ 10,688	$ 9,435

Note 5 Contributions and Capital Contributions Receivable

	2001	2000
	(thousands of dollars)	
Non-capital		
Alberta Health and Wellness	$ 465	$ 1,058
Capital		
Alberta Infrastructure capital upgrade	42,800	-
Federal Government equipment funding	1,022	-
	43,822	-
	$ 44,287	$ 1,058

Note 6 Capital Assets

	2001			2000
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	(thousands of dollars)			
Land	$ 2,831	$ -	$ 2,831	$ 2,831
Facilities and improvements	89,821	50,101	39,720	38,108
Furniture and equipment	28,651	18,227	10,424	10,604
Construction in progress	10,864	-	10,864	2,815
	$ 132,167	$ 68,328	$ 63,839	$ 54,358

Capital assets have been funded from the following sources:

	(thousands of dollars)	
Externally funded		
Land *(net assets invested in land)*	$ 2,831	$ 2,831
Other *(unamortized external capital contributions)*	53,533	43,757
Internally funded *(net assets invested in other capital assets)*	7,475	7,770
	$ 63,839	$ 54,358

Note 7 Deferred Contributions

	2001	2000
	(thousands of dollars)	
Amounts received:		
Alberta Health and Wellness contributions	$ 454	$ 1,188
Other government contributions	5,752	3,780
Other contributions received	193	123
	6,399	5,091
Less transferred to deferred capital contributions (Note 8)		
Alberta Health and Wellness	(17)	(1,434)
Other government contributions		
Alberta Infrastructure	(2,469)	(2,634)
Alberta Learning - School of Nursing operations	-	(25)
	(2,486)	(4,093)
	3,913	998
Amounts recognized as revenue:		
Alberta Health and Wellness contributions (Note 14)	35	731
Other government contributions	5,060	1,969
Other contributions	141	29
	5,236	2,729
Change during the year	(1,323)	(1,731)
Balance, beginning of year	4,881	6,612
	$ 3,558	$ 4,881

Unspent amounts at the end of the year are restricted for the following purposes:

	2001	2000
Alberta Health and Wellness contributions		
Community services	$ 1,577	$ 1,577
Other	481	79
Other government contributions		
Alberta Infrastructure		
Capital maintenance	692	1,702
Capital project	-	939
Alberta Learning - School of Nursing operations	46	53
Student Health Initiative	563	372
Health and Welfare Canada	53	65
Other contributions	146	94
	$ 3,558	$ 4,881

Note 8 Deferred Capital Contributions

The deferred capital contributions balance represents amounts accounted for in accordance with the accounting policy described in Note 2b (iii).

	2001	2000
	(thousands of dollars)	
Amounts received (returned):		
Restricted Alberta Health and Wellness contributions	$ 474	$ 696
Restricted other government contributions	56,322	-
Donations restricted for capital purposes	9	-
Returned to funding source	(61)	-
	56,744	696
Transferred from deferred contributions (Note 7)	2,486	4,093
	59,230	4,789
Transferred to:		
Unamortized external capital contributions (Note 9)	(12,896)	(4,695)
Change during the year	46,334	94
Balance, beginning of year	553	459
Balance, end of year	$ 46,887	$ 553

Balance, end of the year is restricted for the following purposes:

	2001	2000
New equipment	$ 431	$ 94
Betterment of capital assets	392	459
New construction	46,064	-
	$ 46,887	$ 553
Included in:		
Non-current investments (Note 4)	$ 3,658	$ 553
Capital contributions receivable	43,229	-
	$ 46,887	$ 553

Note 9 Unamortized External Capital Contributions

Unamortized external capital contributions reflect transactions accounted in accordance with the accounting policy described in Note 2b (iii). The balance at the end of year represents the external capital contributions that will be recognized as revenue in future years.

	2001	2000
	(thousands of dollars)	
Balance at beginning of year	$ 43,757	$ 42,458
Add amounts transferred from deferred capital contributions (Note 8)	12,896	4,695
Less amounts recognized as revenue	(3,120)	(3,396)
	$ 53,533	$ 43,757

Note 10 Commitments and Contingencies

(a) Contracted services and operating leases

The Board has minimum contract commitments for dietary, housekeeping and security services, and operating leases for photocopier, fax machines and vehicles as follows:

	Contracts	Leases	Total
For the year ended March 31			
2002	$ 6,096,618	$ 1,050,743	$ 7,147,361
2003	4,416,889	738,735	5,155,624
2004	3,741,930	359,311	4,101,241
2005	512,601	241,464	754,065
2006	488,601	237,296	725,897
2007 and thereafter	488,601	245,726	734,327
	$ 15,745,240	$ 2,873,275	$ 18,618,515

(b) Capital Upgrade Project

The Board has committed to a capital upgrade project at the Alberta Hospital Ponoka site in the amount of $95,000,000. Alberta Infrastructure has committed to provide all funds for the capital upgrade project. Total costs to date are $10,486,000 and funding received to date totals $56,550,000.

(c) Utilities

In order to mange its exposure to the volatility in the electrical industry, the Board has entered into a five year contract to fix its electrical cost at an average of $8.42 per MWh. Based on 2001 consumption, the annual costs are expected to be $1,241,000.

(d) Contingencies

(i) Action has been brought against the Board for $12,851,706, which is allegedly due for additional and extra services alleged to have been agreed to by the Board during the construction of the sewage treatment plant at Alberta Hospital Ponoka site. Management believes it has a valid defense against these claims. It is not possible at this time to determine the amount, if any, that the Board may eventually pay. If any payment is made, it will be accounted for in the period in which it is settled.

Note 11 Unrestricted and Internally Restricted Net Assets

	2001 (thousands of dollars) Restated Note 3
Unrestricted and internally restricted net assets at regionalization - April 1, 1995	$ 15,907
Changes since regionalization:	
Cumulative operating surplus	16,734
Invested in capital assets (net of amortization)	(4,909)
Balance	$ 27,732
Unrestricted	$ 20,257
Internally restricted	7,475
	$ 27,732

Note 12 Internally Restricted Net Assets

The Board has internally restricted the following amounts for:

	2001	2000
	(thousands of dollars)	
Capital:		
Future equipment replacement	$ 733	$ 733
Capital projects	1,000	1,000
	1,733	1,733
Non-capital:		
Alberta Hospital Edmonton Research Fund	338	360
Young Offenders Demo Project	171	197
Langin Place Project	100	200
Children's Mental Health Initiative	4,000	4,384
Calgary Regional Health Authority	867	-
Vocational Rehabilitational allowances	266	-
Operating reserve	-	713
Pension reserve	-	542
Human resources	-	1,500
	5,742	7,896
	$ 7,475	$ 9,629

Note 13 Budget

	Approved Budget [(1)]	Additional Funding	Reported Budget
	(thousands of dollars)		
Revenues			
Alberta Health and Wellness contributions	$ 199,203	$ 4,350	$ 203,553
Other government contributions	6,031	-	6,031
Fees and charges	2,940	-	2,940
Ancillary operations, net	(31)	-	(31)
Donations	21	-	21
Investment and other income	3,186	-	3,186
Amortization of external capital contributions	3,823	-	3,823
	215,173	4,350	219,523
Expenses			
Facility based inpatient services	53,138	-	53,138
Facility based emergency and outpatient services	8,112	-	8,112
Facility based continuing care services	5,501	-	5,501
Community and home based services	82,111	-	82,111
Diagnostic and therapeutic services	14,721	-	14,721
Promotion, prevention and protection services	3,023	-	3,023
Research and education	490	-	490
Administration	12,225	-	12,225
Information technology and alberta we//net	4,414	-	4,414
Support services	27,457	-	27,457
Amortization of facilities and improvements	3,347	-	3,347
	214,539	-	214,539
Excess of revenue over expense	$ 634	$ 4,350	$ 4,984

(1) The budget was approved by the Alberta Mental Health Board on June 23, 2000 and subsequently approved by the Minister of Health and Wellness November 1, 2000.

Note 14 Alberta Health and Wellness Contributions

	2001		2000
	Budget	Actual	Actual
	(thousands of dollars)		
			Restated Note 3
Unrestricted contributions	$ 203,553	$ 203,543	$ 174,225
Transfers from deferred contributions (Note 7)	-	35	731
Transfers of employment contract liabilities (Note 3 and Note 23)	-	-	(1,101)
	$ 203,553	$ 203,578	$ 173,855

Note 15 Other Government Contributions

	2001		2000
	Budget	Actual	Actual
	(thousands of dollars)		
Accommodation costs for Board facilities borne by Alberta Infrastructure			
Mental health clinics and administration offices	$ 2,544	$ 2,939	$ 2,317
Claresholm and Raymond Care Centres	1,728	1,754	1,728
Alberta Infrastructure:			
Capital maintenance	1,706	430	200
Capital project	-	-	667
Student Health Initiative	53	2,837	684
Contracted service surplus funds	-	1,139	-
Sundry	-	654	336
	$ 6,031	$ 9,753	$ 5,932

Note 16 Ancillary Operations

	2001					2000
	Non-Patient Food Services Operations	Rental and Laundry Operations	Parking and Other Operations	Total	Budget	Total Restated Note 3
	(thousands of dollars)					
Revenues	$ 879	$ 770	$ 84	$1,733	$1,589	$ 1,923
Expenses						
Direct expenses	1,039	681	100	1,820	1,566	2,401
Amortization	11	5	-	16	54	61
	1,050	686	100	1,836	1,620	2,462
(Deficiency) excess of revenue over direct expenses 2001	$ (171)	$ 84	$ (16)	$ (103)	$ (31)	
(Deficiency) excess of revenue over direct expenses 2000	$ (523)	$ 51	$ (67)			$ (539)

Note 17 Investment and Other Income

	Budget	2001	2000
	(thousands of dollars)		
Unrestricted investment income	$ 2,234	$ 3,279	$ 2,175
Other income	952	2,197	1,549
	$ 3,186	$ 5,476	$ 3,724

Unrestricted investment income is comprised of interest earned on investments. Other income comprises primarily of revenues from vocational rehabilitation programs and program cost recovery.

Note 18 Administration

	Budget	2001	2000
	(thousands of dollars)		Restated Note 3
General Administration	$ 7,402	$ 7,330	$ 5,536
Finance	2,515	2,689	2,500
Personnel	2,308	2,635	2,450
	$ 12,225	$ 12,654	$ 10,486

Note 19 Information Technology and alberta we//net

	Budget	2001	2000
	(thousands of dollars)		Restated Note 3
Information technology	$ 3,571	$ 5,185	$ 4,043
alberta we//net	843	720	729
	$ 4,414	$ 5,905	$ 4,772

During 2001, the Board contributed $843,000 (2000 - $825,000) towards the alberta we//net initiative. Of these contributions, $123,000 have been capitalized and $720,000 have been expensed. An additional $104,000 relating to Alberta Health and Wellness' contribution to alberta we//net, to match the Board's contribution, was capitalized during the year. The Board recorded a corresponding increase in unamortized external capital contributions for $104,000.

alberta we//net is the province-wide, strategic initiative to build a health information network. The initiative brings together a broad spectrum of health professionals into multi-disciplinary teams to put information technology to work to improve health service delivery to all Albertans. alberta we//net brings together doctors, nurses, regional health authorities, pharmacists, universities, faculties of medicine, a national health information institute and Alberta Health and Wellness in the planning and implementation of the network.

Note 20 Support Services

	Budget	2001	2000
	(thousands of dollars)		
			Restated Note 3
Building maintenance, operations and security	$ 10,885	$ 12,403	$ 10,508
Patient food services	5,803	6,516	5,943
Housekeeping	3,416	3,466	3,351
Laundry and linen	994	1,225	1,280
Materials management	1,442	1,244	1,269
Patient transportation	1,078	1,178	1,074
Patient services	1,077	690	1,192
Patient health records	990	954	846
Education	915	990	694
Communications	628	681	509
Volunteer services	150	161	147
Bio-medical	79	80	103
	$ 27,457	$ 29,588	$ 26,916

Note 21 Change in Non-Cash Working Capital Accounts

	2001	2000
	(thousands of dollars)	
Accounts receivable	$ (1,242)	$ (689)
Contributions receivable	593	(1,058)
Inventories	4	(138)
Prepaid expenses	858	(310)
Accounts payable and accrued liabilities	5,732	2,926
Accrued vacation liability	1,251	2,287
Deferred contributions	(1,323)	(1,731)
	$ 5,873	$ 1,287

Note 22 Related Parties

(a) Province of Alberta

The Board is established under the Regional Health Authorities Act. Transactions between the Board and the Province of Alberta are disclosed in the Statement of Operations and in Notes 5, 7, 8, 14 and 15.

(b) Alberta Mental Health Board Foundation

The Board has an economic interest in the Alberta Mental Health Board Foundation (the "Foundation"). The Board has the right to appoint a member to the Foundation's Board, which consists of 6 voting members.

During the year, AMHB received $9,000 (2000 - $12,000) of contributions from the Foundation in the form of educational grants. The resources held by the Foundation comprise $267,000 of externally restricted funds for mental health programs and $1,000 of unrestricted funds.

Resources of the Foundation amounting to $219,000 have been restricted by donors for exclusive use of the Alberta Hospital Edmonton Site.

During the year the Board contributed $148,000 to support the operations of the newly formed Alberta Mental Health Board Foundation.

(c) Contract Service Operators

The Board contracts with contract service operators to provide mental health services in the Province. The contract service operators are economically dependent on these contracts for the provision of mental health services. The contract service operators and the amount of the contracted health services for the year are as follows:

	2001 Budget	2001 Actual	2000 Actual
	(thousands of dollars)		
Contract Service Operators:			
Calgary Regional Health Authority	$ 12,356	$ 11,361	$ 9,096
Capital Health Authority	2,405	2,405	274
Northwestern Regional Health Authority	480	480	375
Aspen Regional Health Authority	421	421	402
Other Regional Health Authorities	999	921	640
Other contract service operators	19,707	22,035	18,689
	$ 36,368	$ 37,623	$ 29,476
Reported in the following expense categories:			
Facility-based inpatient services	$ 7,097	$ 7,242	$ 6,499
Facility-based emergency and outpatient services	322	322	322
Community and home based services	28,949	30,059	22,655
	$ 36,368	$ 37,623	$ 29,476

Note 23 Transfer of Employees

The excess (1999 deficiency) of revenues over expenditures for the years 2000 and 1999 includes salary costs relating to prior service periods.

In the two preceding years Alberta Health and Wellness transferred the employment contracts for certain employees hitherto seconded to the Board by the Ministry. Contracts for staff employed at the community health clinics and at Claresholm and Raymond Care Centres were transferred on May 1, 1999 and August 1, 1998 respectively. The Board assumed the vacation entitlement liability for these employees as follows:

The effect of May 1, 1999 and August 1, 1998 transfers is reflected in the financial statements respectively as reductions in Alberta Health and Wellness contribution revenues for the years 2000 ($1,101,000) and 1999 ($588,000).

Note 24 Pension Costs

The Board participates in the Local Authorities Pension Plan and Public Service Pension Plan, which are multi-employer defined benefit plans. The pension expense recorded in these financial statements is equivalent to the Board's annual contributions payable of $6,874,153 for the year ended March 31, 2001 (2000 - $10,335,165).

At December 31, 2000, the Local Authorities Pension Plan reported a surplus of $883,823,000 (1999 - $880,358,000).

At December 31, 2000, the Public Service Pension Plan reported a surplus of $635,084,000 (1999 - $517,020,000).

Note 25 Comparative Figures

Certain comparative figures have been reclassified to conform to the 2001 presentation.

Note 26 Approval of Financial Statements

These financial statements have been approved by the Board.

Schedule 1

ALBERTA MENTAL HEALTH BOARD
SCHEDULE OF EXPENSES BY OBJECT
FOR THE YEAR ENDED MARCH 31, 2001
(thousands of dollars)

	2001 Budget	2001 Actual	2000 Actual Restated Note 3
Salaries, honoraria, benefits, allowances and severance (Schedule 2)	$ 121,688	$ 132,393	$ 115,992
Contracts with health service operators	36,368	37,623	29,476
Drugs, gases, medical and surgical supplies	2,645	3,515	3,228
Consulting services	19,694	12,394	11,197
Facility rent	4,867	5,443	4,719
Food supplies	2,653	3,307	3,231
Travel	2,226	3,230	2,659
Utilities	2,435	4,041	2,625
Supplies	1,862	2,848	2,279
Other expenses	14,677	12,254	9,852
Amortization:			
Capital equipment - internally funded	3,221	1,620	1,033
Capital equipment - externally funded	476	1,313	993
Facilities and improvements - externally funded	3,347	1,807	2,403
	216,159	221,788	189,687
Less amounts reported in ancillary operations	(1,620)	(1,836)	(2,462)
	$ 214,539	$ 219,952	$ 187,225

Schedule 2

ALBERTA MENTAL HEALTH BOARD
SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE
FOR THE YEAR ENDED MARCH 31, 2001
(thousands of dollars)

	2001				Severance			2000 Restated			
	Number of Individuals	Salaries and Honoraria (includes accrued vacation)	Benefits and Allowances	Sub-total	Number of Individuals	Amount	Total	Number of Individuals	Salaries Benefits Honoraria	Severance	Total
Board Members											
Board Chairperson											
Schoenhofer, Betty	1.00	$ 36	$ -	$ 36	-	$ -	36	1.00	$ 48	$ -	$ 48
Board Members											
Bunce, Neil	1.00	5	-	5	-	-	5	1.00	7	-	7
Heinemann, Kathlene	1.00	5	-	5	-	-	5	1.00	5	-	5
Laird, Gloria	1.00	1	-	1	-	-	1	1.00	6	-	6
Mikkelsen, Dave	1.00	5	-	5	-	-	5	1.00	6	-	6
Peterson, Richard	1.00	9	-	9	-	-	9	1.00	8	-	8
Read, John	1.00	6	-	6	-	-	6	1.00	9	-	9
Smith, Terrence	-	-	-	-	-	-	-	1.00	1	-	1
Steinhauer, Sharon	1.00	4	-	4	-	-	4	1.00	4	-	4
Williams, Thomas	1.00	7	-	7	-	-	7	1.00	9	-	9
Wilson, Penny	-	-	-	-	-	-	-	1.00	1	-	1
Previous Board Members	-	-	-	-	-	-	-	-	-	-	-
Total honoraria	9.00	78	-	78	0.00	-	78	11.00	104	-	104
Staff											
Chief Executive Officer	1.00	237	15	252	-	-	252	0.25	55	-	55
Management persons reporting to the CEO											
Executive Director, Administrative Services	0.92	136	13	149	-	-	149	-	-	-	-
Executive Director, Provincial Services	0.17	22	2	24	-	-	24	-	-	-	-
Chief of Staff and Director, Provincial Programs	0.79	126	7	133	-	-	133	-	-	-	-
Chief Operating Officer, Corporate Development	-	-	-	-	-	-	-	1.00	177	-	177
Chief Operating Officer, Facilities & Programs	-	-	-	-	-	-	-	0.75	144	-	144
Chief Operating Officer, Community Development	-	-	-	-	-	-	-	1.00	135	-	135
Executive Director, Community Mental Health Services	1.00	117	8	125	-	-	125	-	-	-	-
Other management persons reporting to those above (avg. 2001 $111, avg. 2000 $98, excl. severances)	25.63	2,337	572	2,909	2.00	121	3,030	13.63	1,330	-	1,330
Other management (avg. 2001 $86, avg. 2000 $77, excl. severances)	106.98	6,628	2,574	9,202	-	-	9,202	39.89	3,086	113	3,199
Medical doctors not included above (avg. 2001 $0, avg. 2000 $130, excl. severances)	-	-	-	-	-	-	-	0.96	126	-	126
Regulated nurses not included above (avg. 2001 $59, avg. 2000 $60, excl. severances)	721.77	37,158	5,004	42,162	-	-	42,162	635.98	38,429	-	38,429
Other health technicians and professionals (avg. 2001 $61; avg. 2000 $59, excl. severances)	431.39	23,371	2,913	26,284	0.04	2	26,286	419.56	23,556	9	23,565
Unregulated health service providers (avg. 2001 $40; avg. 2000 $33, excl. severances)	464.31	16,233	2,301	18,534	-	-	18,534	437.15	15,405	-	15,405
Other staff (avg. 2001 $43; avg. 2000 $42, excl. severances)	734.24	27,479	4,505	31,984	14.19	434	32,418	818.16	33,132	182	33,314
Total staff	2,488.20	113,844	17,914	131,758	16.23	557	132,315	2,368.33	115,584	304	115,888
Total		$ 113,922	$ 17,914	$ 131,836		$ 557	$ 132,393		$ 115,688	$ 304	$ 115,992

See accompanying information on the following page.

Schedule 2 (continued)

SCHEDULE OF SALARIES, BENEFITS, ALLOWANCES AND SEVERANCE FOR THE YEAR ENDED MARCH 31, 2001

1. Number of Individuals consist of full-time equivalents except for Board members. Full time equivalent ("FTE") has been determined as follows:

	Employees of The AMHB (hours per year)
Chief Executive Officer	2,023
Management persons reporting to the CEO	2,023
Other Management person(s) reporting to those above	2,023
Other Management	2,023
Medical doctors not included above	2,023
Regulated nurses not included above	2,023
Other health technicians and professionals*	1,892 - 2,023
Unregulated health service providers*	1,892 - 2,023
Other staff*	1,892 - 2,088

* The range for Alberta Health and Wellness Seconded Employees transferred to the Board as of May 1, 1999 consists of 1,892 to 2,023 and 1,892 to 2,088 hours per year depending on the position held and location within the categories represented above.

Total actual discrete number of individuals employed in 2001 – 3,323 (2000 - 3,164).

2. Salaries include regular base pay, overtime, lump sum payments, honoraria and any other direct cash remuneration including sick leave, short-term disability and vacation. Individuals under contract by the Board are not reflected in this schedule.

3. Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, out of country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, unemployment insurance, workers compensation, car benefits and allowances and tuition.

4. Severance includes:

   All monies paid directly or on behalf of an employee upon termination which are not included in salaries and benefits and continued payment of AMHB's share of benefits identified in 2 above, that will continue to be paid and outplacement training and counseling office space and administrative support.

5. The total amount of salaries is reported in Schedule 1, Expenses by Object, which includes 2001 - $402,596 (2000 - $658,964) in salaries reported in Note 16, Ancillary Operations.

Schedule 3

ALBERTA MENTAL HEALTH BOARD
THREE YEAR SUMMARY OF REVENUE AND EXPENSES
FOR THE YEAR ENDED MARCH 31, 2001

(thousands of dollars)

	Actual		
	2001	2000 Restated Note 3	1999 [(1)] Restated Note 3
Revenues			
Alberta Health and Wellness contributions	$ 203,578	$ 173,855	$ 151,108
Other government contributions	9,753	5,932	5,914
Fees and charges	2,948	3,270	2,810
Ancillary operations, net	(103)	(539)	(201)
Donations	29	49	58
Investment and other income	5,476	3,724	3,231
Amortization of external capital contributions	3,120	3,396	3,420
TOTAL REVENUES	$ 224,801	$ 189,687	$ 166,340
Expenses			
Facility-based inpatient services	$ 53,127	$ 46,974	$ 40,538
Facility-based emergency and outpatient services	7,537	7,005	6,105
Facility-based continuing care services	15,600	14,323	8,641
Community and home-based services	72,781	54,062	51,077
Diagnostic and therapeutic services	17,359	16,403	15,090
Promotion, prevention and protection services	2,919	3,131	2,904
Research and education	675	305	87
Administration	12,654	10,486	10,503
Information technology and alberta we//net	5,905	4,772	4,406
Year 2000 remedial costs	-	445	569
Support services	29,588	26,916	27,310
Amortization of facilities and improvements	1,807	2,403	2,674
TOTAL EXPENSES	$ 219,952	$ 187,225	$ 169,904
Excess (deficiency) of revenues over expenses (Note 23)	$ 4,849	$ 2,462	$ (3,564)

(1) 1999 amounts have been restated as a result of the retroactive application of the change in accounting policy for recording pension expense (see Note 3). The adjustments are as follows:

Increase in revenue	$ 403
Increase in expenses	142
Excess of revenue over expenses	$ 261

ALBERTA CANCER BOARD

FINANCIAL STATEMENTS

MARCH 31, 2001

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AUDITOR GENERAL
Alberta

AUDITOR'S REPORT

To the Members of the Alberta Cancer Board and the Minister of Health and Wellness

I have audited the statement of financial position of the Alberta Cancer Board ("the Board") as at March 31, 2001 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2001 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Peter Valentine FCA
Auditor General

Edmonton, Alberta
May 23, 2001

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements are the responsibility of management and have been approved by the Board. The financial statements were prepared in accordance with Canadian generally accepted accounting principles and the financial directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgments.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Board has established a code of ethics and corporate directives, which require communication of the code to employees.

The Board members carry out their responsibility for the financial statements through the Finance Committee. This Committee meets with management and the external auditor, the Auditor General of Alberta, to discuss and review financial matters, and recommends the financial statements to the Alberta Cancer Board for approval. The external auditor has full and free access to the Finance Committee.

The external auditor, the Auditor General of Alberta, provides an independent audit of the financial statements. His examination is conducted in accordance with Canadian generally accepted auditing standards and includes tests and other procedures, which allow him to report on the fairness of the financial statements prepared by management.

for RBBoyd.
Dr. Jean-Michel Turc
President and Chief Executive Officer

RBBoyd
Rick Boyd
Vice President, Finance & Administration

Simon Brown
Director of Finance

ALBERTA CANCER BOARD
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2001

(thousands of dollars)

	2001	2000 (As restated, note 3)
ASSETS		
Current:		
Cash (note 4)	$ 11,029	$ 18,254
Accounts receivable	4,656	3,120
Contributions receivable	10,526	3,283
Inventories	3,542	2,937
Prepaid expenses	652	477
	30,405	28,071
Non-current cash and investments (note 5)	30,760	24,941
Capital assets (note 6)	126,547	119,691
TOTAL ASSETS	$ 187,712	$ 172,703
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable	$ 17,558	$ 15,505
Accrued vacation pay	3,908	3,690
Deferred contributions (note 7)	11,937	9,789
	33,403	28,984
Deferred capital contributions (note 8)	11,583	10,413
Unamortized external capital contributions (note 9)	113,523	110,104
	158,509	149,501
Net assets:		
Unrestricted (note 10)	9,676	7,804
Internally restricted (note 10)	6,503	5,811
Investment in capital assets	13,024	9,587
	29,203	23,202
Commitments and contingencies (note 11)		
TOTAL LIABILITIES AND NET ASSETS	$ 187,712	$ 172,703

Gary G. Campbell, Q.C., Chairman

The accompanying notes and schedules are part of these financial statements.

ALBERTA CANCER BOARD
STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2001

(thousands of dollars)

	2001 Budget (note 12)	2001 Actual	2000 Actual (As restated, note 3)
Revenues:			
Alberta Health and Wellness contributions (note 13)	$ 116,502	$ 116,047	$ 88,774
Other government contributions (note 14)	393	5,214	443
Fees and charges	2,300	1,737	2,243
Ancillary operations, net (note 15)	244	150	157
Donations	2,082	1,687	1,337
Investment and other income (note 16)	13,340	19,332	16,132
Amortization of external capital contributions (note 9)	10,094	10,104	9,515
TOTAL REVENUES	144,955	154,271	118,601
Expenses (Schedule 1):			
Facility based inpatient acute care services	11,192	10,129	10,629
Facility based outpatient services	31,375	34,802	26,262
Community services	13,340	13,598	10,025
Diagnostic and therapeutic services	37,133	37,426	30,266
Promotion, prevention and protection services	5,799	5,668	5,216
Research and education	16,065	17,210	14,756
Administration (note 17)	4,564	4,549	4,001
Information technology and we//net (note 18)	2,900	3,730	2,716
Year 2000 remedial costs	–	–	880
Support services (note 19)	14,828	16,252	13,241
Amortization of facilities and improvements	4,965	4,906	4,881
TOTAL EXPENSES	142,161	148,270	122,873
Excess (deficiency) of revenues over expenses[1]	$ 2,794	$ 6,001	$ (4,272)

[1] Excess of revenues over expenses includes "one-time" funding revenues of $11,174. Of this, $6,174 has been provided for equipment and $5,000 for cancer drugs. If this "one-time" funding had not been received and recorded in this statement of operations, there would have been a deficiency of revenue over expenses of $5,173.

The accompanying notes and schedules are part of these financial statements.

ALBERTA CANCER BOARD
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2001

(thousands of dollars)

	2001 Unrestricted (Note 10)	2001 Internally restricted (Note 10)	2001 Investment in capital assets	2001 Total	2000 Total (As restated, note 3)
Excess (deficiency) of revenues over expenses	$ 6,001	$ –	$ –	$ 6,001	$ (4,272)
Capital assets purchased with internal funds	(959)	(4,435)	5,394	–	–
Amortization of internally funded capital equipment	1,891	–	(1,891)	–	–
Increase in future equipment replacement reserve, net	(4,890)	4,890	–	–	–
Increase in research reserve, net	(237)	237	–	–	–
Net book value of internally funded capital equipment disposals	66	–	(66)	–	–
Net change	1,872	692	3,437	6,001	(4,272)
Balance, beginning of year, as restated (note 3)	7,804	5,811	9,587	23,202	27,474
Balance, end of year	$ 9,676	$ 6,503	$ 13,024	$ 29,203	$ 23,202

The accompanying notes and schedules are part of these financial statements.

ALBERTA CANCER BOARD
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2001

(thousands of dollars)

	2001		2000
	Budget	Actual	Actual (As restated, note 3)
Cash generated from (used by):			
Operating activities:			
Excess (deficiency) of revenues over expenses	$ 2,794	$ 6,001	$ (4,272)
Non-cash transactions:			
Amortization of capital equipment:			
- internally funded	1,600	1,891	1,457
- externally funded	5,286	5,204	4,640
Amortization of facilities and improvements	4,996	5,095	5,070
Amortization of external capital contributions (note 9)	(10,282)	(10,299)	(9,710)
Loss on disposal of internally funded capital equipment	-	66	5
	4,394	7,958	(2,810)
Change in non-cash working capital accounts (note 20)	(2,160)	(5,140)	3,320
Cash generated from operations	2,234	2,818	510
Investing activities:			
Purchase of non-current investments, net	2,087	(5,819)	(1,347)
Purchase of capital assets:			
Internally funded	(6,852)	(5,394)	(2,803)
Externally funded (note 8)			
- equipment	(9,124)	(12,007)	(11,212)
- facilities and improvements	(2,079)	(1,711)	(5,181)
Cash used by investing activities	(15,968)	(24,931)	(20,543)
Financing activities:			
Capital contributions received, net	8,090	14,888	12,550
Cash generated from financing activities	8,090	14,888	12,550
Decrease in cash	(5,644)	(7,225)	(7,483)
Cash, beginning of year	18,254	18,254	25,737
Cash, end of year	$ 12,610	$ 11,029	$ 18,254

The accompanying notes and schedules are part of these financial statements.

ALBERTA CANCER BOARD
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2001

(thousands of dollars)

Note 1 Authority, purpose and operations

The Alberta Cancer Board (the "Board") was initially established in 1967 and now operates under the authority of the Cancer Programs Act Chapter C-1, Revised Statutes of Alberta, 1992.

The Board is exempt from the payment of income tax.

The Board provides cancer services to Albertans through research, diagnosis, treatment, education and prevention programs and it coordinates, in cooperation with others, the planning, development and delivery of provincial cancer services.

The operations of the Board include the following facilities and sites:

Cross Cancer Institute - Edmonton
Tom Baker Cancer Centre - Calgary
Regional Cancer Clinics - Grande Prairie, Red Deer, Lethbridge and Medicine Hat
Community Cancer Centres - Camrose, Hinton, Barrhead, Bonnyville, Drumheller, High River, Peace River and Fort McMurray
Breast screening sites - Edmonton and Calgary - plus three mobile vans
Edmonton Radio-pharmaceutical Centre - Edmonton
Southern Alberta Cancer Research Centre - Calgary

These financial statements do not include assets, liabilities and operations of any voluntary or private facilities providing health services in the Province of Alberta, nor the Alberta Cancer Foundation. Information on these entities is disclosed in note 21.

Note 2 Summary of significant accounting policies and reporting practices

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and the reporting requirements of Financial Directive 18 issued by Alberta Health and Wellness. The following are the significant accounting policies:

(a) Revenue recognition

These financial statements have been prepared using the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue on becoming receivable.

ALBERTA CANCER BOARD
NOTES TO FINANCIAL STATEMENTS, CONTINUED
MARCH 31, 2001
(thousands of dollars)

Note 2 Summary of significant accounting policies and reporting practices, continued:

(a) Revenue recognition, continued:

(ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year when related expenses are incurred.

(iii) Externally restricted capital contributions are recorded as deferred contributions until the amount is invested in capital assets. Amounts invested representing externally funded capital assets are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

(iv) Restricted contributions for the purchase of capital assets which will not be amortized are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year it is earned.

(vi) Investment income subject to external restrictions is, depending on the nature of the restrictions, recorded as a direct increase to net assets, or is deferred and recognized as revenue in the year the related expenses are incurred.

(vii) Donations and contributions in kind are recorded at fair value when such value can be reasonably determined.

(b) Full cost:

The Board accounts for all costs and revenues related to services carried out for which it is responsible. The fair value of costs of services is recorded.

Any assets, supplies and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers contribute a significant amount of time each year to assist the Board in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenue and expenses in the financial statements because fair value cannot be reasonably determined.

ALBERTA CANCER BOARD
NOTES TO FINANCIAL STATEMENTS, CONTINUED
MARCH 31, 2001
(thousands of dollars)

Note 2 Summary of significant accounting policies and reporting practices, continued

(c) Employee future benefits:

The Board participates in the Public Service Pension Plan. This plan is a multi-employer defined benefit pension plan that provide pensions for the Board's participating employees, based on years of service and earnings.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Board has insufficient information to apply defined benefit plan accounting.

Pension costs included in these financial statements comprise the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plan. The Board's portion of the pension plan deficit or surplus is not recorded by the Board.

The Board fully accrues its obligations for employee non-pension future benefits.

(d) Investments:

Investments are recorded at cost. Cost includes the amount of applicable amortization of discounts or premiums using the straight-line method over the period to maturity. The cost of disposal is determined on the average cost basis. Gains or losses realized on disposal are recognized in the period of disposal.

Where there has been a loss in value of an investment that is other than a temporary decline, the investment is written down to recognize the loss. The written down value is deemed to be the new cost.

(e) Financial instruments:

The carrying values of cash, accounts receivable, contributions receivable, accounts payable and accrued vacation pay approximate their fair values because of the short-term maturities of these items. The fair value of non-current cash and investments is disclosed in note 5.

ALBERTA CANCER BOARD
NOTES TO FINANCIAL STATEMENTS, CONTINUED
MARCH 31, 2001
(thousands of dollars)

Note 2 Summary of significant accounting policies and reporting practices, continued

(f) Inventories:

Inventories are recorded at the lower of cost and net realizable value.

(g) Capital assets:

Capital assets and construction projects in progress are recorded at cost.

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful life
Buildings	40 Years
Buildings service systems	10 - 20 Years
Parkade	30 Years
Equipment	5 - 15 Years
Motor vehicles	5 Years

Construction projects in progress are not amortized until the projects are complete.

(h) Trust funds:

The Board administers certain trust funds on behalf of third parties. As related trust assets are not owned by the Board, transactions related to the receipt and disbursement of these funds are not reflected in these financial statements but are disclosed in note 23.

(i) Measurement uncertainty:

The financial statements by their nature, contain estimates and are subject to measurement uncertainty. The amounts recorded for amortization of capital assets and amortization of external capital contributions are based on estimates of the useful life of the related assets. The effect on the financial statements, of changes in such estimates in future years, could be significant.

ALBERTA CANCER BOARD
NOTES TO FINANCIAL STATEMENTS, CONTINUED
MARCH 31, 2001
(thousands of dollars)

Note 3 Change in accounting policy

Pension obligation:

The Board has changed its method of accounting for its participation in multi-employer defined benefit pension plans. The Board now records pension expense equivalent to its annual contributions payable during the year. The Board's portion of the pension plan deficit or surplus is not recorded by the Board. This change in accounting policy has been applied retroactively with restatement of comparative amounts. As a result of the change in accounting policy, the Board's financial statements for the year ended March 31, 2000 have been restated as follows:

	2000		
	As previously stated	Adjustments	As restated
Net assets, beginning of year	$ 26,261	$ 1,213	$ 27,474
Net assets, end of year	$ 22,967	$ 235	$ 23,202
Pension plan obligation	$ 235	$ (235)	$ –
Excess of revenues over expenses	$ (3,294)	$ (978)	$ (4,272)

In addition, the excess of revenues over expenses for the year ended March 31, 1999 decreased by $59 over the amount previously stated.

ALBERTA CANCER BOARD
NOTES TO FINANCIAL STATEMENTS, CONTINUED
MARCH 31, 2001
(thousands of dollars)

Note 4 Cash

	2001	2000
Cash on deposit	$ 2,426	$ 194
CCITF - Operations	8,230	17,258
CCITF - Capital projects	2,070	4,789
Less restricted for capital acquisitions (note 5)	(1,697)	(3,987)
	373	802
	$ 11,029	$ 18,254

The Consolidated Cash Investment Trust Fund ("CCITF") of the Province of Alberta is a demand account managed by Alberta Treasury with the objective of providing competitive interest income to depositors while maintaining security and liquidity of depositors' capital. Interest is earned on the daily cash balance and the average rate of earnings of the CCITF varies depending on prevailing market interest rates. The rate of return for the year ended March 31, 2001 was 5.53% (March 31, 2000 - 5.2%).

The Board has a line of credit available from its banker in the amount of $1 million at the bank's prime rate. A general security agreement covering securities held by the bank has been pledged as security for the operating line of credit. The line of credit was not accessed during the year.

ALBERTA CANCER BOARD
NOTES TO FINANCIAL STATEMENTS, CONTINUED
MARCH 31, 2001
(thousands of dollars)

Note 5 Non-current cash and investments

	2001		2000	
	Cost	Fair Value	Cost	Fair Value
Investments:				
Money market securities	$ 689	$ 689	$ 1,677	$ 1,677
Fixed income securities:				
Canadian federal and provincial government bonds	8,669	8,752	7,435	7,483
Corporate bonds and debentures	3,916	4,005	2,667	2,636
Canadian equities	9,160	9,402	5,695	8,425
United States and foreign equities	6,629	4,809	3,480	3,812
	29,063	27,657	20,954	24,033
Cash subject to restrictions (note 4)	1,697	1,697	3,987	3,987
	$30,760	$ 29,354	$ 24,941	$ 28,020

(i) On a total basis, the market value of all investments is $1,406 less than cost. Within the investment portfolio, the United States and foreign equities at market of $4,809 are $1,820 less than cost. The carrying value of these securities has not been written down to market value because management has concluded, based on review of market information for the securities, that there is no obvious indication of material impairment that is other than temporary.

(ii) To earn optimal financial returns at an acceptable level of risk, the Board has established a policy asset mix of 0 - 10% for cash and cash equivalents, 40 - 70% for fixed income instruments, and 20% - 60% for equities. Risk is reduced through asset class diversification, diversification within each asset class and quality constraints on fixed income and equity instruments.

(iii) Publicly traded fixed income securities are managed with the objective of providing optimal returns while maintaining maximum security of capital. Return is optimized within risk constraints on the portfolio by management of portfolio duration and issuer mix and limiting investments to instruments with a rating of A or higher by the Dominion Bond Rating Service.

ALBERTA CANCER BOARD
NOTES TO FINANCIAL STATEMENTS, CONTINUED
MARCH 31, 2001
(thousands of dollars)

Note 5 Non-current cash and investments, continued

(iii) Continued:

Fixed income securities have an average effective yield of 5.33% per annum based on the market for securities maturing in a year, and 6.48% per annum for securities maturing between 1 and 34 years. As at March 31, 2001, the securities have the following term structure:

	%
Under 1 year	57
1 to 5 years	14
5 to 10 years	16
Over 10 years	13
	100%

(iv) Equities comprise publicly traded equities. Risk is reduced by prudent security selection, sector rotation and limiting exposure to any one stock to 10% of the total equity market value.

Non-current cash and investments represent the following:

	2001	2000
Externally restricted for capital acquisitions (note 8)	$ 11,583	$ 10,413
Internally restricted net assets (note 10)	6,503	5,811
Unrestricted net assets	9,676	7,569
Working capital	2,998	1,148
	$ 30,760	$ 24,941

ALBERTA CANCER BOARD
NOTES TO FINANCIAL STATEMENTS, CONTINUED
MARCH 31, 2001
(thousands of dollars)

Note 6 Capital assets

	2001			2000
	Cost	Accumulated amortization	Net book value	Net book value
Land	$ 4,556	$ -	$ 4,556	$ 4,556
Buildings	76,480	28,095	48,385	46,988
Buildings service	36,814	18,130	18,684	20,484
Parkade	5,507	2,099	3,408	3,597
Equipment	83,476	45,478	37,998	32,354
Motor vehicles	251	131	120	81
We//net/Integrated Cancer Care Network	6,361	411	5,950	4,224
Construction in progress	543	-	543	3,587
Deposits on equipment	6,903	-	6,903	3,820
	$ 220,891	$ 94,344	$ 126,547	$ 119,691

Capital assets have been funded from the following sources:

	2001	2000
Externally funded (unamortized external capital contributions)	$ 113,523	$ 110,104
Internally funded (net assets invested in capital assets)	13,024	9,587
	$ 126,547	$ 119,691

Cost includes the appraised value at March 31, 1989 of the original Cross Cancer Institute land and building transferred to the Board from the Province of Alberta on that date.

In the same year, the Mewburn Veterans Centre was transferred from Alberta Infrastructure to the Alberta Cancer Board. The appraised value of the building at the time of transfer was $5,620. The Board entered into a long-term lease of the Centre to the Capital Health Authority for a nominal rent and accordingly, the building has been recorded at nominal value.

ALBERTA CANCER BOARD
NOTES TO FINANCIAL STATEMENTS, CONTINUED
MARCH 31, 2001
(thousands of dollars)

Note 6 Capital assets, continued

In July, 1989, the Board and the University of Alberta jointly completed the construction of a parkade on land owned by the University adjoining the Cross Cancer Institute. The Board incurred expenditures of $5,507 on the parkade which amounted to 62.5% of the cost of the parkade. In return, the University granted the Board 62.5% of the use of the parkade rent-free until the year 2009, with two additional five year renewal terms. The Board pays a portion of the parkade's operating costs.

Note 7 Deferred contributions

	2001	2000
Amounts received:		
Alberta Health and Wellness contributions	$ 4,448	$ 5,793
Alberta Science and Research Authority	2,500	–
Other government contributions	3,552	307
Donations	2,690	1,221
Investment and other income	8,396	13,671
	21,586	20,992
Amounts recognized as revenue:		
Alberta Health and Wellness contributions (note 13)	3,671	2,624
Other government contributions (note 14)	5,214	443
Donations	2,040	1,329
Investment and other income	8,513	11,916
	19,438	16,312
Change during the year	2,148	4,680
Balance, beginning of year	9,789	5,109
Balance, end of year	$ 11,937	$ 9,789

ALBERTA CANCER BOARD
NOTES TO FINANCIAL STATEMENTS, CONTINUED
MARCH 31, 2001
(thousands of dollars)

Note 7 Deferred contributions, continued

Unspent amounts at end of year are restricted for the following purposes:

	2001	2000
Operating grants		
Alberta Health and Wellness contributions	$ 774	$ 581
Alberta Cancer Foundation	135	7
Other contributions	1,275	891
	2,184	1,479
Research grants		
Alberta Health and Wellness contributions	1,352	767
Alberta Science and Research Authority	3,454	2,500
Alberta Cancer Foundation	627	105
Other contributions	4,320	4,938
	9,753	8,310
	$ 11,937	$ 9,789

Note 8 Deferred capital contributions

The deferred capital contributions balance represents amounts accounted for in accordance with the accounting policy described in note 2a (iii).

	2001	2000
Amounts received:		
Restricted Alberta Health and Wellness contributions including Wellnet	$ 5,987	$ 9,671
Restricted other government contributions	1,736	5,460
Donations restricted for capital purposes	4,073	994
Investment and other income	4,233	612
Proceeds on disposal of capital assets	–	39
	16,029	16,776
Transfers:		
Unamortized external capital contributions (note 9)	(13,718)	(16,393)
Year 2000 equipment replacement contribution - repayable to Province	–	(3,263)
Amounts used for minor capital equipment	(1,141)	(963)
	(14,859)	(20,619)
Change during the year	1,170	(3,843)
Balance, beginning of year	10,413	14,256
Balance, end of year	$ 11,583	$ 10,413

Balance at end of year is restricted for the following purposes:

	2001	2000
Equipment replacement	$ 7,721	$ 4,911
Betterment of capital assets	2,437	2,289
New construction	1,425	3,213
	$ 11,583	$ 10,413

Note 9 Unamortized external capital contributions

Unamortized external capital contributions reflect transactions accounted for in accordance with the accounting policy described in Note 2a (iii). The balance at the end of year represents the external capital contributions that will be recognized as revenue in future years.

	2001	2000
Balance, beginning of year	$ 110,104	$ 103,421
Add amounts transferred from deferred capital contributions (note 8)	13,718	16,393
Less amount recognized as revenue:		
General operations	(10,104)	(9,515)
Ancillary operations	(195)	(195)
	$ 113,523	$ 110,104

ALBERTA CANCER BOARD
NOTES TO FINANCIAL STATEMENTS, CONTINUED
MARCH 31, 2001
(thousands of dollars)

Note 10 Unrestricted and internally restricted net assets

	2001	2000 (as restated, note 3)
Unrestricted and internally restricted net assets at regionalization - April 1, 1995	$ 16,196	$ 16,196
Changes since regionalization:		
Cumulative operating surplus	10,895	4,894
Add: Amortization of internally funded capital assets charged to investment in capital assets	5,645	3,688
Less: purchase of capital assets internally funded	(16,557)	(11,163)
Balance	$ 16,179	$ 13,615
Unrestricted	$ 9,676	$ 7,804
Internally restricted:		
Future equipment replacement and information technology upgrades	5,081	4,626
Research	1,422	1,185
	6,503	5,811
	$ 16,179	$ 13,615

ALBERTA CANCER BOARD
NOTES TO FINANCIAL STATEMENTS, CONTINUED
MARCH 31, 2001
(thousands of dollars)

Note 11 Commitments and contingencies

(a) Commitments:

Future minimum lease payments under operating leases relating primarily to office and warehouse space are as follows:

2002	$ 345
2003	289
2004	114
2005	29
2006	14
	$ 791

(b) Contingencies:

The Board is defendant in various lawsuits as of March 31, 2001. While it is not possible to estimate the ultimate liability with respect to the pending litigation, the Board is satisfied that there will be no material adverse impact on the financial position of the Board as of March 31, 2001.

ALBERTA CANCER BOARD
NOTES TO FINANCIAL STATEMENTS, CONTINUED
MARCH 31, 2001
(thousands of dollars)

Note 12 Budget

	Approved budget(1)	Additional funding(2)	Reported budget
Revenues:			
Alberta Health and Wellness contributions	$ 115,673	$ 829	$ 116,502
Other government contributions	393	–	393
Fees and charges	2,300	–	2,300
Ancillary operations, net	244	–	244
Donations	2,082	–	2,082
Investment and other revenue	11,629	1,711	13,340
Amortization of external capital contributions	10,094	–	10,094
	142,415	2,540	144,955
Expenses:			
Facility based inpatient acute care services	11,137	55	11,192
Facility based outpatient services	29,149	2,226	31,375
Community services	13,357	(17)	13,340
Diagnostic and therapeutic services	37,644	(511)	37,133
Promotion, prevention and protection services	5,986	(187)	5,799
Research and education	16,048	17	16,065
Administration	4,173	391	4,564
Information technology and wellnet	2,850	50	2,900
Support services	14,312	516	14,828
Amortization of facilities and improvements	4,965	–	4,965
	139,621	2,540	142,161
Excess of revenues over expenses	$ 2,794	$ –	$ 2,794

ALBERTA CANCER BOARD
NOTES TO FINANCIAL STATEMENTS, CONTINUED
MARCH 31, 2001
(thousands of dollars)

Note 12 Budget, continued

(1) The budget was approved by the Board on June 20, 2000, and approved by the Minister of Health and Wellness.

(2) **On September 21, 2000, the Minister of Health and Wellness provided additional funding of $829. These additional resources were allocated by the Board to address the cost of salary settlements.**

The budget was also adjusted by $1,711 to reclassify the recoveries for the Bone Marrow Transplant and other outpatient programs originally included as a reduction in expenses.

Note 13 Alberta Health and Wellness contributions

	Budget	2001	2000
Unrestricted contributions	$ 104,187	$ 104,202	$ 86,150
One time funding for equipment	6,174	6,174	–
One time funding for drugs	–	2,000	–
Transfers from deferred contributions (note 7)	6,141	3,671	2,624
	$ 116,502	$ 116,047	$ 88,774

Note 14 Other government contributions

	Budget	2001	2000
Alberta Treasury	$ 13	$ 11	$ 14
Government of Canada	380	658	429
Alberta Science and Research Authority	–	1,545	–
Alberta Gaming and Liquor Commission – one time funding for drugs	–	3,000	–
	$ 393	$ 5,214	$ 443

ALBERTA CANCER BOARD
NOTES TO FINANCIAL STATEMENTS, CONTINUED
MARCH 31, 2001
(thousands of dollars)

Note 15 Ancillary operations

	2001					2000
	Non-patient food service operations	Parking operations	Edmonton Radio-pharmaceutical Centre	Total	Budget	Total
Revenues	$ 943	$ 387	$ 2,513	$ 3,843	$ 3,552	$ 3,518
Amortization of external capital contributions	6	189	-	195	195	195
	949	576	2,513	4,038	3,747	3,713
Expenses:						
Amortization	6	189	29	224	230	223
Other expenses	990	353	2,321	3,664	3,273	3,333
	996	542	2,350	3,888	3,503	3,556
Excess (deficiency) of revenues over direct expenses 2000-2001	$ (47)	$ 34	$ 163	$ 150	$ 244	$ 157
Excess of revenues over direct expenses 1999-2000	$ 16	$ 59	$ 82	$ 157		

Note 16 Investment and other income

	Budget	2001	2000
Unrestricted investment income	$ 2,775	$3,983	$ 2,886
Restricted research and operating grants	6,337	8,410	11,916
Recoveries	4,228	6,939	1,330
	$ 13,340	$ 19,332	$ 16,132

Investment income comprises interest, dividends, amortization of discount and premiums, and net gains on disposal of investments.

ALBERTA CANCER BOARD
NOTES TO FINANCIAL STATEMENTS, CONTINUED
MARCH 31, 2001
(thousands of dollars)

Note 17 Administration

	Budget	2001	2000 (as restated, note 3)
General administration	$ 3,413	$ 3,184	$ 2,804
Finance	459	474	443
Personnel	692	891	754
	$ 4,564	$ 4,549	$ 4,001

Note 18 Information technology and Alberta we*ll*net

	Budget	2001	2000 (as restated, note 3)
Alberta we*ll*net	$ 400	$ 432	$ 673
Information systems support	2,500	3,298	2,043
	$ 2,900	$ 3,730	$ 2,716

Alberta we*ll*net is the province-wide, strategic initiative to build a health information network. The initiative brings together a broad spectrum of health professionals into multi-disciplinary teams to put information technology to work to improve the health service delivery to all Albertans. Alberta we*ll*net brings together doctors, nurses, regional health authorities, pharmacists, the Alberta Cancer Board, the Alberta Mental Health Board, universities and faculties of medicine, a national health information institute and Alberta Health and Wellness in the planning and implementation of the network.

The Board's contribution has been applied towards planning and pre-development activities that will produce clinical and administrative deliverables, and included as expenses of the year.

Note 19 Support services

	Budget	2001	2000 (as restated, note 3)
Medical physics	$ 4,160	$ 4,497	$ 3,294
Building maintenance, operations and security	4,034	4,977	3,553
Communications	84	147	36
Education	524	530	440
Housekeeping	1,379	1,395	1,364
Laundry and linen	344	340	333
Materials management	970	981	782
Patient health records	2,860	2,951	2,786
Patient representative	103	100	86
Volunteer services	370	334	567
	$ 14,828	$ 16,252	$ 13,241

Note 20 Changes in non-cash working capital accounts

	2001	2000
Accounts receivable	$ (1,536)	$ (791)
Contributions receivable	(7,243)	(3,283)
Inventories	(605)	(866)
Prepaid expenses	(175)	(38)
Accounts payable	2,053	3,146
Accrued vacation pay	218	472
Deferred contributions	2,148	4,680
	$ (5,140)	$ 3,320

Note 21 Related parties

(a) The Province of Alberta:

The Board operates under the authority of the Province of Alberta. Transactions between the Board and the Province of Alberta are disclosed in the statements of operations and notes 7, 8, 13 and 14.

(b) Regional Health Authorities ("RHA's"):

The Board operates the Tom Baker Center in Calgary, its four Regional Cancer Clinics and eight Community Cancer Centers in facilities that are attached to RHA facilities or otherwise belong to RHA's. The RHA's provide both medical and building services to the Cancer Clinics on a cost recovery basis. The payments and amounts owing to the RHA's for these services are:

	2001	2000
Calgary RHA	$ 7,746	$ 6,598
Other RHA's	1,603	838
	$ 9,349	$ 7,436

(c) Alberta Cancer Foundation:

The Board controls the Alberta Cancer Foundation which raises money for cancer research and other cancer related activities and services. The Foundation is registered with Revenue Canada as a charitable foundation.

During the year, the Board received operating, research and capital grants from the Alberta Cancer Foundation totalling $5,467 (2000 - $1,242). At March 31, 2001, an amount of $738 was due from the Foundation (2000 - $389).

ALBERTA CANCER BOARD
NOTES TO FINANCIAL STATEMENTS, CONTINUED
MARCH 31, 2001
(thousands of dollars)

Note 21 Related parties, continued

The Alberta Cancer Foundation has not been consolidated in the Board's financial statements. Audited financial statements of the Foundation are available upon request. A financial summary of the Alberta Cancer Foundation as at March 31, 2001 and 2000 and for the years then ended is as follows:

	2001	2000
Financial position:		
Assets	$ 38,588	$ 37,807
Liabilities	(3,833)	(5,676)
	$ 34,755	$ 32,131
Net assets:		
Accumulated excess of revenues over expenses	$ 653	$ 366
Investment in capital assets	218	124
Internally restricted	16,851	15,325
Endowments	17,033	16,316
	$ 34,755	$ 32,131
Results of operations:		
Total revenue	$ 9,632	$ 5,087
Total expenses	7,774	4,137
Excess of revenue over expenses	$ 1,858	$ 950

ALBERTA CANCER BOARD
NOTES TO FINANCIAL STATEMENTS, CONTINUED
MARCH 31, 2001
(thousands of dollars)

Note 21 Related parties, continued

(d) Cross Cancer Institute Volunteer Association:

The Board exercises significant influence over the Cross Cancer Institute Volunteer Association which was incorporated under the Societies Act of the Province of Alberta to provide services for the care and comfort of patients of the Cross Cancer Institute.

The net revenues were expended by the Association, at its discretion, in accordance with the Association's objectives (see note 1).

	2001	2000
Total assets	$ 184	$ 192
Total liabilities	17	17
Net assets	$ 167	$ 175
Revenues	$ 320	$ 328
Expenses	328	348
Excess of revenues over expenses	$ (8)	$ (20)

Certain accommodation costs and a portion of salary costs incurred in the administration of the Association are borne by the Board and are included as expenditures of the Board.

ALBERTA CANCER BOARD

NOTES TO FINANCIAL STATEMENTS, CONTINUED

MARCH 31, 2001

(thousands of dollars)

Note 22 Pension costs

The Board participates in the Public Service Pension Plan which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equal to the annual contributions payable of $1,994 for the year ended March 31, 2001 (2000 - $1,652). At December 31, 2000, the Public Service Pension Plan reported a surplus of $635,084 (1999 - $517,020).

Note 23 Trust funds

The Board receives funds in trust from Alberta Infrastructure for non-owned facilities for capital purposes and facility repairs. The Board provided its own operating funds to cover the temporary overdrafts.

	March 31, 2000	Deposits	Withdrawals	March 31, 2001
Alberta Infrastructure	$ 133	$ 90	$ (250)	$ (27)
Alberta Tobacco Reduction Alliance	7	1,420	(1,452)	(25)
Other trust accounts	93	42	(60)	75
	$ 233	$ 1,552	$ (1,762)	$ 23

Note 24 Comparative figures

Certain 2000 figures have been reclassified to conform to the 2001 presentation.

Note 25 Approval of financial statements

The financial statements have been approved by the Board of Directors.

ALBERTA CANCER BOARD

SCHEDULE 1 - EXPENSES BY OBJECT

YEAR ENDED MARCH 31, 2001

(thousands of dollars)

	2001		2000
	Budget	Actual	Actual (as restated, note 3)
Salaries, honoraria, benefits, allowances and severance (Schedule 2)	$ 77,345	$ 75,356	$ 61,470
Drugs, gases, medical and surgical supplies	25,141	28,346	21,460
Consulting services	148	460	369
Other	31,148	35,806	31,963
Amortization:			
Capital equipment - internally funded	1,562	1,891	1,457
Capital equipment - externally funded	5,334	5,204	4,640
Facilities and improvements	4,986	5,095	5,070
	145,664	152,158	126,429
Less amount reported in ancillary operations (note 15)	(3,503)	(3,888)	(3,556)
	$ 142,161	$ 148,270	$ 122,873

ALBERTA CANCER BOARD

SCHEDULE 2 - SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE

YEAR ENDED MARCH 31, 2001

(thousands of dollars)

	2001							2000			
					Severance						
	Number of individuals[1]	Salaries and honoraria[2]	Benefits and allowances[3]	Subtotal	Number of individuals	Amount[4]	Total	Number of individuals[1]	Salaries, Honoraria and Benefits[2]	Severance amount[4]	Total
Board members											
Chairperson											
Gary Campbell	1	31		31			31	1	30		30
Members											
Fred Dibben	1	6		6			6	1	5		5
Elizabeth Hall-Petry	1	11		11			11	1	10		10
Jack Halpin	1	-		-			-	1	-		-
William Henkl	1	2		2			2	1	5		5
Katharine Heller	1	7		7			7	1	10		10
Margaret Hoogland	1	6		6			6	1	7		7
Patricia Jones	1	7		7			7	1	6		6
Mary-Lou Robertson	1	5		5			5	1	5		5
Bronwyn Shoush	1	4		4			4	1	1		1
Derril Stephenson	1	6		6			6	1	6		6
Total honoraria	11	85		85			85	10	85		85
Staff											
Chief Executive Officer[5]	1	260	12	272			272	1	254		254
Management person(s) reporting to the CEO											
VP (Finance & Admin)	1	158	4	162			162	1	112		112
VP (Research)[6]	1	66	2	68			68				
VP (ACB Epid & Prev Onc)[6]	1	218	11	229			229				
VP (Medical Affairs)[6]	1	184	-	184			184				
Other Management (avg. 2001 $64, avg. 2000 $59) (excluding severance)	189	10,800	1,241	12,041	12	63	12,104	169	11,207	18	11,225
Medical doctors not included above[7] (avg. 2001 $221, avg. 2000 $183) (excluding severance)	79	17,329	154	17,483			17,483	59	10,785	151	10,936
Regulated nurses not included above (avg. 2001 $59, avg. 2000 $56) (excluding severance)	92	4,825	617	5,442			5,442	78	4,381		4,381
Other health technical and professionals (avg. 2001 $58, avg. 2000 $57) (excluding severance)	247	12,680	1,555	14,235	2	31	14,266	215	12,169	26	12,195
Other staff (avg. 2001 $47, avg. 2000 $42) (excluding severance)	534	22,156	2,868	25,024	10	37	25,061	531	22,279	3	22,282
Total	1,157	$ 68,761	$ 6,464	$ 75,225	24	$ 131	$ 75,356	1,064	$ 61,272	$ 198	$ 61,470

ALBERTA CANCER BOARD

SCHEDULE 2 - SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE, CONTINUED

MARCH 31, 2001

(thousands of dollars)

(1) Number of individuals consists of full time equivalents except for Board members.

Full time equivalent has been determined as 2,022.75 hours per employee.

(2) Salary includes regular base pay, bonuses, overtime, lump sum payments, honoraria and any other remuneration.

(3) Benefits and allowances includes contributions or payments made on behalf of employees including pensions, health care, dental coverage, out of country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short disability plans, as well as the statutory benefits of Canada Pension Plan, Employment Insurance and W.C.B.

(4) Severance includes all monies paid directly or on behalf of an employee upon termination which are not or have not been included in salaries and benefits.

(5) The Chief Executive Officer is provided with an automobile, no dollar amount is included under benefits and allowances.

(6) The Corporate executive structure was changed this year to include the appointment of new Vice-Presidents. Salary reported in previous fiscal year for VP (Finance & Admin) represents salary for 10 months only.

(7) In the year 2001, the medical staff reporting includes physicians compensated by the University of Alberta And the University of Calgary and billed to the ACB. This accounts for 14 FTE of the 20 FTE increase to medical staff.

ALBERTA CANCER BOARD
SCHEDULE 3 - SUMMARY OF REVENUES AND EXPENSES
YEAR ENDED MARCH 31, 2001

(thousands of dollars)

	Actual		
	2001	2000 (as restated, note 3)	1999 (as restated, note 3)
Revenues:			
Alberta Health and Wellness contributions	$ 116,047	$ 88,774	$ 80,660
Other government contributions	5,214	443	429
Fees and charges	1,737	2,243	2,935
Ancillary operations, net	150	157	137
Donations	1,687	1,337	1,138
Investment and other income	19,332	16,132	12,652
Amortization of external capital contributions	10,104	9,515	8,500
TOTAL REVENUES	154,271	118,601	106,451
Expenses:			
Facility based inpatient acute care services	10,129	10,629	8,787
Facility based outpatient services	34,802	26,262	21,155
Community services	13,598	10,025	9,057
Diagnostic and therapeutic services	37,426	30,266	27,274
Promotion, prevention and protection services	5,668	5,216	5,208
Research and education	17,210	14,756	13,010
Administration	4,549	4,001	3,609
Information technology and we//net	3,730	2,716	1,325
Year 2000 remedial costs	–	880	322
Support services	16,252	13,241	12,189
Amortization of facilities and improvements	4,906	4,881	4,253
TOTAL EXPENSES	148,270	122,873	106,189
Excess (deficiency) of revenues over expenses	$ 6,001	$ (4,272)	$ 262

A pro-forma summary of revenues and expenses is not presented as there have been no transfers of programs for which pro-forma adjustments are necessary.

Entities included in the consolidated government reporting entity

Ministry, Department, Fund or Agency	**Ministry Annual Report**
Agriculture Financial Services Corporation	Agriculture, Food and Rural Development
Alberta Alcohol and Drug Abuse Commission	Health and Wellness
Alberta Dairy Control Board	Agriculture, Food and Rural Development
Alberta Energy and Utilities Board	Resource Development
Alberta Foundation for the Arts	Community Development
Alberta Gaming and Liquor Commission	Gaming
Alberta Government Telephones Commission, The	Treasury
Alberta Heritage Foundation for Medical Research Endowment Fund	Treasury
Alberta Heritage Savings Trust Fund	Treasury
Alberta Heritage Scholarship Fund	Treasury
Alberta Heritage Science and Engineering Research Endowment Fund	Treasury
Alberta Historical Resources Foundation, The	Community Development
Alberta Informatics Circle of Research Excellence Inc. (iCORE)	Innovation and Science
Alberta Insurance Council	Treasury
Alberta Municipal Financing Corporation	Treasury
Alberta Opportunity Company	Agriculture, Food and Rural Development
Alberta Pensions Administration Corporation	Treasury
Alberta Petroleum Marketing Commission	Resource Development
Alberta Research Council Inc.	Innovation and Science
Alberta Risk Management Fund	Treasury
Alberta School Foundation Fund	Learning
Alberta Science and Research Authority	Innovation and Science
Alberta Securities Commission	Treasury
Alberta Social Housing Corporation	Community Development
Alberta Sport, Recreation, Parks and Wildlife Foundation	Community Development
Alberta Treasury Branches	Treasury
ATB Investment Services Inc.	Treasury
Child and Family Services Authorities:	Children's Services
Awasak Child and Family Services Authority	
Calgary Rocky View Child and Family Services Authority	
Child and Family Services Authority Region 13	
Child and Family Services Authority Region 14	
Diamond Willow Child and Family Services Authority	
Hearthstone Child and Family Services Authority	
Keystone Child and Family Services Authority	
Ma' Mowe Capital Region Child and Family Services Authority	
Metis Settlements Child and Family Services Authority	
Neegan Awas'sak Child and Family Services Authority	
Ribstone Child and Family Services Authority	
Sakaigun Asky Child and Family Services Authority	
Sakaw-Askiy Child and Family Services Authority	
Silver Birch Child and Family Services Authority	
Southeast Alberta Child and Family Services Authority	
Sun Country Child and Family Services Authority	
West Yellowhead Child and Family Services Authority	
Windsong Child and Family Services Authority	
Credit Union Deposit Guarantee Corporation	Treasury
Crop Reinsurance Fund of Alberta	Agriculture, Food and Rural Development
Department of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Department of Children's Services	Children's Services
Department of Community Development	Community Development
Department of Environment	Environment

Ministry, Department, Fund or Agency	Ministry Annual Report
Department of Gaming	Gaming
Department of Health and Wellness	Health and Wellness
Department of Innovation and Science	Innovation and Science
Department of Justice	Justice
Department of Learning	Learning
Department of Resource Development	Resource Development
Department of Treasury	Treasury
Environmental Protection and Enhancement Fund	Environment
Gainers Inc.	Treasury
Government House Foundation, The	Community Development
Historic Resources Fund	Community Development
Human Rights, Citizenship and Multiculturalism Education Fund	Community Development
Lottery Fund	Gaming
Ministry of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Ministry of Children's Services	Children's Services
Ministry of Community Development	Community Development
Ministry of Economic Development	Economic Development
Ministry of Environment	Environment
Ministry of Executive Council	Executive Council
Ministry of Gaming	Gaming
Ministry of Government Services	Government Services
Ministry of Health and Wellness	Health and Wellness
Ministry of Human Resources and Employment	Human Resources and Employment
Ministry of Infrastructure	Infrastructure
Ministry of Innovation and Science	Innovation and Science
Ministry of International and Intergovernmental Relations	International and Intergovernmental Relations
Ministry of Justice	Justice
Ministry of Learning	Learning
Ministry of Municipal Affairs	Municipal Affairs
Ministry of Resource Development	Resource Development
Ministry of Treasury	Treasury
N.A. Properties (1994) Ltd.	Treasury
Natural Resources Conservation Board	Environment
Persons with Developmental Disabilities Community Boards	
Calgary Community Board	Health and Wellness
Central Community Board	Health and Wellness
Edmonton Community Board	Health and Wellness
Northeast Community Board	Health and Wellness
Northwest Community Board	Health and Wellness
South Community Board	Health and Wellness
Persons with Developmental Disabilities Foundation	Health and Wellness
Persons with Developmental Disabilities Michener Centre Facility Board	Health and Wellness
Persons with Developmental Disabilities Provincial Board	Health and Wellness
S C Financial Ltd.	Treasury
Supplementary Retirement Plan Reserve Fund	Treasury
Victims of Crime Fund	Justice

Entities NOT included in the consolidated government reporting entity

Fund or Agency	Ministry Annual Report
Wild Rose Foundation, The	Community Development
Alberta Cancer Board	Health and Wellness
Alberta Foundation for Health Research	Innovation and Science
Alberta Heritage Foundation for Medical Research	Innovation and Science
Alberta Heritage Foundation for Science and Engineering Research	Treasury
Alberta Mental Health Board	Health and Wellness
Alberta Teachers' Retirement Fund Board	Learning
Improvement Districts' Trust Account	Municipal Affairs
Local Authorities Pension Plan	Treasury
Long-Term Disability Income Continuance Plan — Bargaining Unit	Human Resources and Employment
Long-Term Disability Income Continuance Plan — Management, Opted Out and Excluded	Human Resources and Employment
Management Employees Pension Plan	Treasury
Provincial Judges and Masters in Chambers Pension Plan	Treasury
Public Post-secondary Institutions	Learning
Public Service Management (Closed Membership) Pension Plan	Treasury
Public Service Pension Plan	Treasury
Regional Health Authorities	Health and Wellness
School Boards	Learning
Special Areas Trust Account, The	Municipal Affairs
Special Forces Pension Plan	Treasury
Supplementary Retirement Plan for Public Service Managers	Treasury
Universities Academic Pension Plan	Treasury
Workers' Compensation Board	Human Resources and Employment